Abstract

This dissertation aims to form a theoretical foundation for the field of cultural business incubation. As the field of business incubation has merely existed in relation to high-tech industries, we aim to discuss the benefit of cultural business incubation, specified for the cultural industries. Through identifying the core differential characteristics between the high-tech industries and cultural industries, discrepancies are taken into account and merged with traditional business incubation theory to develop a proposed model. This proposed model serves as a framework to analyse seven cases studies from: Denmark, USA, UK, Australia, New Zealand, and Spain.

This dissertation is aimed at current business incubator management and its potential as a beginning of academic theory in the field of cultural business incubation.

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Problem Field

Drawing from the incubator theory, a significant gap in the application of the incubation model to industries other than the high-tech is evident. As social science students looking at management of creative industries, lack of motivation for creative-types (hereafter 'creatives') to become business owners, a general aversion to starting up a business and a typical adverse response to business within the creative industries all have become apparent (McRobbie, 2002).

Based on the nature of creative businesses, we hypothesise that a grouping structure around creative business entrepreneurship would be beneficial to the start-up, and even in the growth, phase.

As there is a lack of research conducted on this field we attempt to identify and explore the concept of a cultural business incubator. We use our knowledge and academic foundation in cultural industries and pair this information to incubator characteristics and typologies. Its aim is to merge the theories together to test the formulated proposed model against real industry examples of creative incubators.

Thesis motivation

About to enter the Copenhagen job market, we recognize the overwhelming dearth of business education components for creatives in the region; specifically from our time in Copenhagen networked with graduated arts students. In fact, the Danish government, in a bid to address a need for businesspeople to be equipped to manage the specific concerns of creative enterprises, initiated our particular graduate studies program.

Nonetheless, we were able to collaborate with Copenhagen-based networks, where creatives eager to join the multitude of other entrepreneurs launching small businesses had from their experiences had a lack of exposure or opportunity to acquire critical business knowledge. Most of these friends and acquaintances were newly graduated artists suffering the disappointment of a very harsh reality for which their educations had not prepared them.

This leads us to a very different angle from which to consider: how to bring critical business knowledge and resources directly to creatives that want to start up their own businesses?

Juxtapose the strong number of start-ups in Copenhagen each year with the number of those that survive four years out, and we arrive at a departure point for our research endeavour: the notion that the business foundation underneath these start-ups is lacking. A visit to 25-year business incubating veteran BarcelonActiva, a part government- part private-funded business incubator that boasts a stellar long-term survival rate among its graduated tenants (www.barcelonactiva.cat). With such a design-oriented culture, we thought it fitting to investigate the suitability of the model to the needs of creative industries.

Methodology

Project design

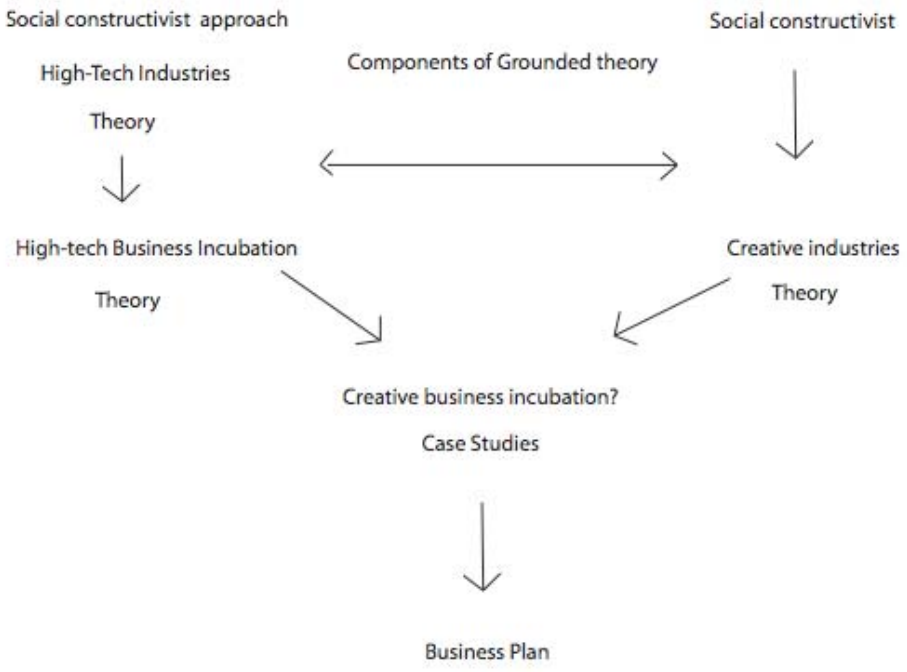


Figure 1.

This thesis will aim to identify the field of cultural incubation by understanding the current available literature of high-tech incubators and our accumulated knowledge of the field of cultural industries. We triangulate our data by using divergent case studies that represent the three areas of theory: high tech, general business, and cultural industries.

As no academic literature can be found vis-à-vis an incubation process for cultural industries, we arrive at our problem. A number of work collectives and creative incubators in Denmark, UK, USA, Australia, New Zealand and Spain can be accessed and will allow for a testing of the convergence of these two academic fields and serve as a means to test the practical application of a proposed cultural business incubation model.

School of thought

The school of thought from which this project emerges has a social constructivist perspective as we, the authors, are social scientists. This project, in its nature, requires the author's unique perspective on this problem field.

With social constructivism as the theoretical method, no division exists between the researcher and the subject. We, as researchers, will always be embedded in parameters of understanding and from this we will be interpreting the subject of cultural business incubators. Thus, potential exists for many realities from many perspectives. In understanding this methodological perspective we will endeavour to understand a perspective different to our own and attempt to prove and disprove our proposed model through the vigorous scrutiny of our data.

The social constructivist's relevance for this assignment

As we are researching the field of business incubation, we will research and find the similarities and contrasts to creative industries. This cannot be performed without our unique understanding and unique input as researchers into this project. This goes hand in hand with the constructivist school of thought - that the world does not exist independently of interpretation and that the preconditions for human action are given subjectively (Burr, 1998).

As the field of incubators for a creative industry has not been academically researched, we intend to construct our understanding of this area by using elements of grounded theory. Traditionally, it has positivistic perspectives and would therefore conflict with our social constructivist school of thought; given this, we shall only use elements of grounded theory to build up a field of knowledge for creative business incubation (Myers, 2009). By utilising case studies of relevant organizations that pertain to our theoretical framework and problem field, we aim to build this knowledge field. Through each case study we will present continuous interplay between data and theory and build (grounding) our research (Myers, 2009). Elements of grounded theory were useful for us as we carried out our research processes because they allowed for a constant interaction between data and the literature, through which we deepened and refined our perspective.

Choice of empirical data

Our primary data will be drawn from selected case studies of creative collectives and divergent incubator types. During these case studies we will perform interviews with the management team and the incubatees whenever possible. These interviews will help us determine the incubator type, role and perceived value. By using secondary and primary data from the incubator's texts and public information, we create a further layer of academic rigor.

Methods of primary data collection

Our primary data collection will consist of seven case studies of creative collectives and incubators. During these case studies we will test our proposed model through interviews and non-participatory observations. As few cultural incubators exist, we have chosen to broaden our case studies' selection criteria to include creative collectives and other choice incubators. The aim of these case studies is to test the incubator theory as well as to test *how* creatives co-exist and collaborate in a work environment. This data will be acquired through our non-participatory observation and semiotics analyses. Through observing patterns of movement, sound, ambiance, mood and tone of the tenants, we will be able to ground our findings with creative industries literature.

We will use semiotics analyses of the cases study organizations and their websites as part of our selection process. Based on the works of Saussure we will be using the modern perspective of semiotics presented by Chandler. "*Contemporary semiotician study signs not in isolation but as a part of semiotic 'sign systems, they study how meanings are made – not only looking at communication but also with the construction and maintenance of reality*" (Chandler, 2001, 04/25/2001 15:34:05). From studying the signage of potential case study websites and related materials, we attempt to understand their meaning and gauge their level of creativity and professionalism.

As each case study is conducted, our theoretical framework will emerge and strengthen our formulation of what constitutes a good work environment for creative industry start-ups.

Why case studies

As this dissertation takes a social constructivism perspective, we have taken the humanist learning approach through case studies (Seale, cited by Flyvbjerg, 2004). As the field has not been significantly theorized, we need expert knowledge on the issues surrounding the subject. In order to effectively test our proposed cultural business incubator model, a reference point was necessary.

By interviewing and observing experts in the field, also called 'virtuosos' (Bourdieu, 1977), we are able to reliably test and research. The approach that will be taken to choose case studies is based on a "paradigmatic case" perspective (Flyvbjerg, 2004). This entails selecting cases that will illuminate and develop a metaphor or establish a school of thought for the domain that the cases concern. As a gap exists in business incubation literature, this approach is necessary. This research is, as far as we have found, the first of its kind to address the needs of an industry other than the high-tech industry, where concerning business incubation.

Jotting Method

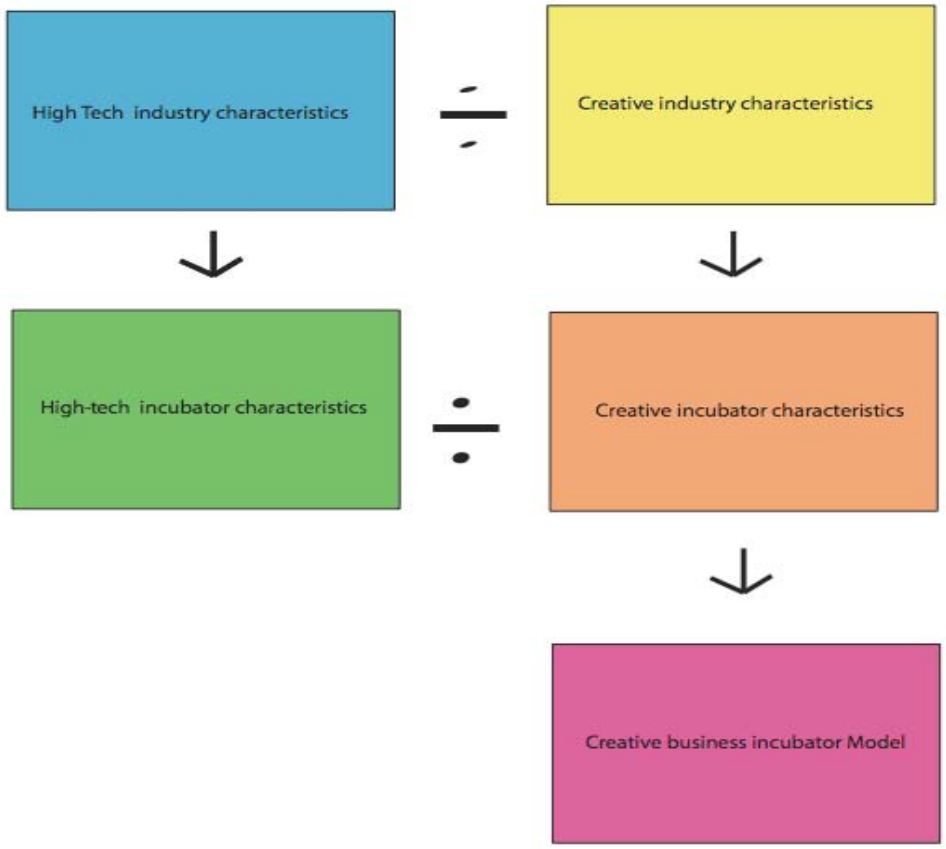
Jotting is the method of processing formal and informal interviews, whilst being in the field (Bernard, 1994). This method was used while participating in especially long interviews. Due to the nature of these informal interviews and the high degree of

qualitative data, the jotting method is useful, as there is more opportunity to for a natural, free flowing interview experience. With the aid of a voice recording of the interview, the jotting notes will form a basis for a reference point when searching back through the interview for specific trends and themes raised by the interviewees.

Due to their informal nature, a more conversational flow will be established and a stronger rapport struck with the interviewees. As a result of this rapport, the interviewees may divulge more nuanced or sensitive information.

Due to the length of the interviews, it will be more effective to use the jotting method as a data collection tool, as we intend to go back and use these jottings as a reference for themes and not specific quotes.

Analyses strategy



Making sense of qualitative data

Following the data collection process, the data will be arranged and organized in order for it to create meaning. This will be done through coding according to subjects and topics, in order to lay down the cornerstone of the analyses. Here it is important to note that, when analysing qualitative data, no single, superior method exists to analyse the collected data (Esterberg, 2002). It is argued by Esterberg that when not doing an analysis on data as soon as it has been collected, the time lapse will make it difficult to do a more comprehensive analysis because it is not possible to go back and ask clarifying questions as one makes discoveries (Esterberg, 2002). The primary data

for the research subject, as previously stated, has been made through interviews, participant observation and secondary data. When looking at observation data, it is, first and foremost, important to provide a description of what has been observed and how it is interpreted … "*part of a good qualitative analysis entails describing to others what you have observed*" (ibid. p. 292). When we have both been present at observations, we compared our notes and discussed our two perspectives. Secondly, as previously stated, the data has undergone a coding process. Mostly, it has been done by means of searching for general themes in the data in order to highlight key issues. The data has been divided into three categories of themes. These include: physical attributes, resources and services, and community.

This is a rough method of sorting through data, however, and we used additional questions to drill down our sorting such as: do different interviewees refer to the same "issues/topics" and do they do it in the same way? These types of questions/categorisation can clarify different facets of the analyses and help describe an event or a group of people (Esterberg, 2002). By utilizing this method, it enabled us to look into each data segment with these questions and, therefore, make it possible to compare the data we collected to the analyses and ultimately to look for undiscovered patterns in the data.

Qualitative data and triangulation

We have chosen to work with qualitative data as the method of research, on which we will built our interpretations and answer the research question. The reason for this is that the qualitative data and the qualitative interview provide us with the possibility to interact with the interview person, observe and research this new phenomenon in interactive and exploratory ways; this is not possible in the quantitative method. When examining a new phenomenon, a 'hands on' approach is needed to dichotomise the issue and to be flexible and responsive to the data retrieved. Thus a qualitative data approach is most appropriate. In answering the research questions about the customization of a business incubator, we will use triangulation to strengthen our resolve. To triangulate our interviews and observations, we will map the incubatees' use of space and services and identify key perspectives in order to better identify characteristics similar to or distinguishable from the proposed model. Triangulation is

the process of using multiple perspectives on the same topic to refine and clarify the findings (Eriksson & Kovalainen, 2008). It draws on the idea that there is a version of reality that can be approached from different angles and viewpoints, and using different viewpoints that are valuable to the overall understanding of the research field. While using this method, we are aware to use sources that are not too close to each other, and if these people agree on some aspects we recognise this as a stronger indicator.

Choice of theory

As defined in our method outline, we aim to understand the foundation of the high-tech incubator theory in order to gain an insight into the process of incubation and the typology, characteristics and hegemonic influences from the state, education institutions and industry (Etzkowitz, 2002). Our theoretical overview of the incubator component of this project is a theoretical review based on the available literature that is predominantly referring to high-tech and IT industry business incubators.

This is merged with a literature review of cultural industries to find the beginnings of the field of cultural business incubation. As we are trying to distinguish from high-tech and cultural industries, a succinct literature review has been gathered to specifically identify high-tech industries' unique characteristics.

Evaluation of Research

Due to the nature of qualitative research, researchers face challenges on how to assure data is, indeed, scientific in nature, quality and is trustworthy (Eriksson & Kovalainen, 2008). It is argued, "*that qualitative research interviews lack objectivity, in particular due to the human interaction inherent in the interview situation*" (Kvale, 1996 p. 320). What this statement implies is that pre-and post-interview, the researchers possess a bias which, firstly, may affect the construction of the questions in a way that may compromise the objectivity of delivery. Secondly, the interpretation of the collected data may be subject to a researcher bias, after the empirical data has been collected. To reduce the subjectivity and to strive for objectivity, several evaluation criteria can be utilised in order to emphasise the strengths and limitations of the research (Eriksson & Kovalainen, 2008). For a social constructivist research project, it has been advised to replace the traditional notions of validity and reliability

with three other aspects to assesses the trustworthiness of a scientific project that not only relies on a realist point of view (ibid.), but is further affirmed by semi structured interviews, theoretical triangulation, and methodology triangulation. These four alternate perspectives to the traditional validity and reliability allows for greater assurance of the quality of the research performed. Criteria for trustworthiness include credibility, transferability, dependability, and confirmability (Lincoln and Guba, 1985).

As seen from our methodological structure (*Figure* 1) we have aimed to achieve this greater level of trustworthiness via implementation of grounded theory methodologies. Our work, however, is not without provisions. Indeed, as a graduate-level research project, the aim is to become peer-reviewed through the examination process. Thus, credibility is not certain at this point.

Confirmability of our research is strong. We have drafted and transcribed our interviews in detail and made them readily available as appendices to this paper. We feel our peers can successfully make use of our data and expect further similar inquiries to yield corroborative results, whereby establishing healthy transferability.

Finally, via the role of a supervisor we establish dependability, as our supervisor functions as an auditor at each stage of executing this research project.

Research Questions

We arrive at our fundamental research questions via our interest in the phenomenon of exploring how we can, theoretically, improve cultural start-ups chances of success. It is our goal to somehow help bring creatives and business experts into successful collaboration, as well as serve as a springboard from which further research may evolve.

How can the Cultural Industries benefit from an incubator model?

1. *How are Cultural Industries distinctive from high- tech industries?*
2. *How might a unique incubator model be customized to support cultural ventures?*

Corresponding to our research questions, we are equipped with two fundamental assumptions from which we seek to draw preliminary findings based on a theoretical review of literature and data from case studies.

Assumptions:

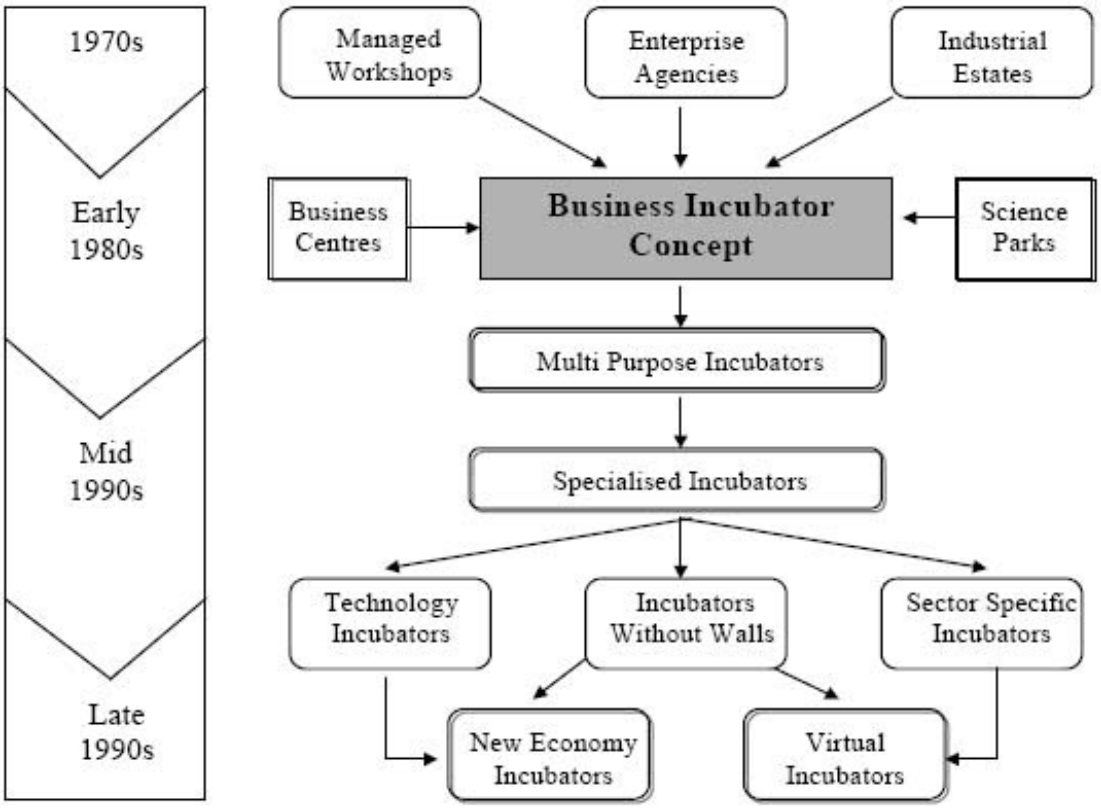
- **The incubator process is beneficial to start ups**
- **Cultural industries have unique business needs.**

Business Incubation literature review

As mentioned in the methodology section, this literature review strives to review the evolution of relevant business-incubation theory from its inception circa 1984 until the present, in order to create a theoretical foundation for developing our grounded theory of cultural-business incubation.

This literature review will proceed by constructing a brief history of the evolution of business incubation literature and a chronological overview of the evolution of concept, definition and characteristics of a business incubator. From there will come a deeper review of the thematic trends extracted from the literature, looking specifically at the incubation process, management styles, funding, economic benefits, defining success metrics, networking, location and entrepreneurial profile.

Business incubator Chronology and academic evolution



(http://ecubation.com/blog/completely-unique-online-business-incubator/: 2nd May 2011)

This literature review of business incubation and, by default, high-tech incubation, aims at tracking the academic field's evolving definition of the phenomenon, its

characteristic, best practices and new waves of theory within a historical context.

After this has been established, this literature review turns to analysing thematic trends in the body of work of the field. A selection of the most regarded and highly cited papers will be used as the framework to illuminate our theoretical findings.

Academic study of business incubation emerged in 1984 with Temali and Campbell, when the phenomenon of business incubators for the high-tech industries was first studied in *Business Incubator profiles: A national survey* (Temali and Campbell, 1984).

Shortly after this publication we begin to see a convergence of academic research, as researchers commence to qualify the field and provide definitions of what a business incubator is. Contextually, this research had a great focus on high-tech start-ups and the sciences, as a result of a technological boom and the IT industry's rapid growth.

A clear way to see the progression of research and the expansion of the epistemology surrounding this subject would be to track the evolving definition of a business incubator, over time, as well as pinpointing which services and characteristics have been identified and theorised by researchers. Through the 80s, the field of business incubation has been polarised and findings were mostly descriptive. Not until the early to mid-1990s do we see the field of business incubation enjoy a more stable definition, and significant academic breakthroughs occur on the evaluation of efficiency. Through works such as Hansen et al (2000), theorists begin to explore the nature and transferability of these efficiency models. It is also observed through this literature review that the field has been heavily driven by political and regional economic influences.

Temali and Campbell (1984), via the first academic work conducted in this field, studied 55 business incubators that were selected to address questions relating to generating detailed descriptions of incubators in the United States.

During this period we have a broad definition of the term business incubator: Temali and Campbell's (1984) definition of an incubator states that an existing company

offers a supportive role to its employees, who, in turn, leave to start their own ventures. Contrastingly, today's working definitions are more detailed and targeted: *"A business incubator is a shared office- space facility that seeks to provide its incubatees (i.e. ''portfolio-'' or ''client-'' or ''tenant-companies'') with a strategic, value-adding intervention system (i.e. business incubation) of monitoring and business assistance"* (Hackett and Dilts, 2004, p. 57)

Temali and Campbell's (1984) definition raises questions about the study's sample of incubators in the USA. What percentage of incubator studies are examples by today's definition? Other bodies of work from: Smilor & Gill, 1986; Allen & Levine, 1986; Hisrich & Smilor, 1988; Campbell et al., 1988; NBIA, 1992, follow suit.

Plosila & Allen (1985) offers another early perspective on what constituted an incubator. They contribute two elements that the concept of an incubator derives from, the first being a "mother firm" (citing Cooper, 1985) and secondly "multi-tenant buildings".

The mother firm, according to Plosila & Allen (1985), referred to an organization in which ideas would be "incubated", meaning support was offered to the new venture by the "mother firm" in terms of administrative, financial and managerial support. It is important, once again, to make the distinction that the mother firm did not have a dedicated purpose to provide services to start-up companies, but rather, as an independent firm, operated to produce a certain product or service.

Secondly, multi-tenant buildings were associated with science parks and usually located in suburban areas. Silicon valley (California, USA) is a good example of such a region. Plosila and Allen (1985) observe that the incubation role of these buildings arose from a specific need to fill empty spaces in these science parks.

Today the National Association of Business Incubators (NABI) defines an incubator as:
"Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or

orchestrated by incubator management and offered both in the business incubator and through its network of contacts." (http://nbia.org/resource_library/what_is/index.php, 5/09/2011, NBIA)

At this point in the chronology of literature we see a shift from merely identifying a phenomenon to early attempts at classification and understanding repercussions. Contextually, the United States was beginning to recover from the economic crisis of 1980 and subsequent lower tax rates passed by the Reagan administration (Rousseas, 1982). As an extension to economic stimulus initiatives, the United States government directed attention to this topic.

Cooper's (1985) research is based on prior research that specified defining characteristics of an incubator, such as: location, nature of business, type of incubator organization and the size of the incubator organization. Cooper defines an incubator organization as: *"those organizations where entrepreneurs work before starting their own firms"* (Ibid). As stated by Cooper, research previously carried out on the topic of business incubation found that, in fact, any organization could be considered a potential incubator.

Further research was carried out along this line to address what typology of companies produced the most entrepreneurs. As a result, the research performed by Cooper (1985) produced findings that showed a tendency that smaller, more independent companies offered all employees, regardless of position, more insight into the core operations of a business than a larger firm. Traditionally (Côte, 2002) larger organizations were siphoned into departments, which made it hard for lower-level employees to see the operation of the whole. In a smaller firm the opportunity to come into direct contact with a large variety of challenges and business functions was much greater, granting access to more direct participation in all levels of the tactical and strategic business operations, thereby imparting a better understanding of the necessary tools needed to run a business. We witness the beginnings of an understanding of the dynamics of incubation processes, through Cooper's work that addressed the fundamental needs of an incubatee, leading to the model we retain today (1985).

This is further reinforced in Feeser and Willard's comparison of high- and low-growth high-tech firms. They refer to an incubating company as a firm in which the entrepreneur worked and acquired the necessary skills to start-up their own venture (1989).

As we can see from these four preliminary articles, the epistemology of what constituted an incubator was broad. Any work environment, from a science park to a mother firm, that, wittingly or not, offered an employee the necessary (still undefined at this point) skills, confidence and managerial support to branch out and start his/her own firm could be an incubator.

The growth of information technology (IT) markets throughout the 1990s was spurred by breakthroughs such as the Internet, and this particular academic field experienced a spike in interest in business incubation and the organizations that could support the start-up and growth phases of a fledgling company.

With the aforementioned growing interest, research finds that an incubator can be associated with institutionalised organizations such as universities, adding to business centres and science parks. Not only has the academic field moved away from defining and the evaluation of the impacts of the phenomenon, but the deeper understandings of the dynamics of these incubator organization. Still at this point in the literature, the incubator is consistently referred to as "*those organizations where entrepreneurs work before starting their own firms"* (Cooper, 1985). Feeser & Willard (1989), interestingly enough, point out a pattern that correlates the growth rates of start up firms and their relationships with an incubator organization. In high growth firms (where fierce competition takes place), more entrepreneurs are born and the more successful they are.

In 1996 and 1997, Mian publishes articles that identify the value-added role of university-based incubators (UTBIs). We see a move away from the concept that an incubator is any firm that provides support for entrepreneurs and toward an assessment of the internal workings of an incubator. It is here that we see the first major evolutionary change in the epistemology of the business incubation literature. Mian posits that in addition to hard tangible services that offer value to the space, an

equally critical range of intangible services or 'soft services' have significant value to incubatees, or tenants (ibid.). This is an important distinction and is today what separates office collectives, science parks and incubators.

Whereas most of the previous work is descriptive, Mian's contribution generates a more definitive concept of business incubation, but applicability outside of the high-tech industries remains limited (1996, 1997). This contribution to the field of knowledge gives rise to a new wave of researchers such as: Hansen et al. (2000), Colombo & Delmastro (2002), McRobbie (2002), Etzkowitz (2002), Peters and Rice (2004), Bøllingtoft and Ulhøi, (2005), Grimaldi and Grandi (2005), and Bergek and Norrman (2008). From here the research conducted is primarily concerned with performance, effectiveness, models and best practices.

This change can also be attributed to significant environmental influences on the business incubation industry, such as the continued exponential growth of the Internet, Silicon Valley's increasing profile and the subsequent IT bubble. The effects of globalisation to this field of study are seen by how quickly the incubation concept spread from the United States after the 1990s. Examples are explored in literature focused on the United Kingdom, Finland and Italy (Colombo & Delmastro, 2002; McRobbie, 2002; Abetti, 2004).

The accepted definition by contemporary researchers is that a business incubator is:
"*a shared office- space facility that seeks to provide its incubatees (i.e. ''portfolio-'' or ''client-'' or ''tenant-companies'') with a strategic, value-adding intervention system (i.e. business incubation) of monitoring and business assistance*" (Hackett and Dilts, 2004, p.57)

Thematic review of Business incubation literature

With the maturation of the field of business incubation, several themes have emerged, been researched and discussed theoretically. The main areas of research that have diverged over the course of the field's evolution will provide a theoretical structure for our review. This chapter will look at incubation processes, managerial styles, funding, economic benefits, success metrics, networking, location and, finally, the

entrepreneurial profile in order to fully understand the multi-faceted tree of theoretical work.

Incubation Processes

Not until Feeser (1989) do we start seeing research into the inner workings of an incubator. At this point a broad definition of an incubator still prevailed. It was uncovered that, in order for an entrepreneur to have a high-growth business, the "mother firm" (Plosila and Allen, 1985) would have to have been large and one in which certain skills and functions could be observed and acquired. Such skills and functions consisted of: "*Organization, control systems, measurement and reward systems, sharing of responsibilities, planning experience, and, in general, thinking big*" (Feeser, 1989, p. 439).

At this point in the literature's evolution, the services important for an entrepreneur to be exposed to during the start-up phase, begin to become clear. Coupling this with the previously noted incubation concept of the multi-tenant building, what we now know as a business incubator begins to take shape. These services are considered to be 'hard services', consisting of the tangible elements that make up an incubator. Items such as a desk, Internet access, copy machine, printer and telephone comprise the materials one would need to operate a business (Mian, 1996). As the incubator industry expanded, we see a move away from a shared workspace to a more holistic concept of an incubator that accounts for 'soft-services', offering business support and consulting, legal aid and financial assistance (Grimaldi and Grandi, 2005).

Mian (1996) recognises the influence 'soft-services' on business incubation. To him, soft-services consist of psychological support and mentoring. His perspective relates to university technology business incubators, however they are highly transferable to other models of incubators.

We now know that the importance of soft services is equally importance as hard-services for an incubator. Through an understanding of hard services, there emerges discussion about soft skills—either as part of an executed strategy or part of a de facto occurrence. Mian contributes the aforementioned examples, but the soft skill set also includes networking, venture opportunities, and collaborations. Based on the

particular needs of the tenants of the incubator, a menu of services is offered to maximise a supportive structure around the start-ups (Grimaldi and Grandi, 2005). The totality of the services and the combination of them, not just a building or the services, but the inner dynamics of the network associated with the incubator, includes the staff of the incubator and all involved in the incubation process (Hacketts and Dilts, 2004).

These particular needs gave rise to different models and typologies within the business incubator industry. And yet, literature does not offer much insight into unravelling the combination of services for what type of incubator. As researchers, we are left wondering: do all services serve to benefit all typologies of entrepreneurial start-ups?

Typologies and Models

According to Plosila and Allen, (1985) early characteristics of an incubator consisted of low rent, business development services, and entry and exit policies for tenants.
These gross characteristics exemplify how immature the field of study was at the time. Plosila and Allens's perspective on typology is dated as not many incubators can be strictly identified as being dedicated to product development, manufacturing or mixed-use (1985).

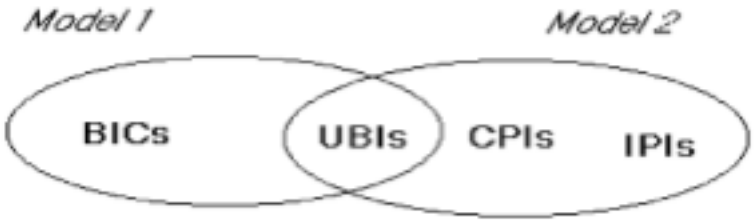
Today, a majority of incubators are either technology- or IT-centric, and take on a wide variance of companies situated at different levels of the supply chain because the transfer of knowledge between them is beneficial.
Typologies span the breadth of:

- University technology business incubators (UTBIs) (Mian, 1989)
- University business incubators (UBIs) (Colombo and Delmastro, 2002)
- Business innovation centres (BICs)
- Independent private incubators (IPIs)
- Corporate private incubators (CPIs) (Grimaldi and Grandi, 2005)

As seen from the above list, typologies used today are centred on funding structures; some are funded by universities, private partners, governments, tenants or a mix of

sources. The increased attention on new technology and the IT bubble can be seen in the typology and finance structures for incubators, as more and more private and corporate incubators arise.

Widely cited, Grimaldi and Grandi (2005) have theorised and classified these incubator types in two models 'Models 1 and 2'.



As mentioned previously, Grimaldi and Grandi (2005) stress the value of offering distinct services tailored to the specific needs of the incubatees. From this study, two main types of incubators are specified; one a 'run-of-the-mill' providing low rent and general business assistance, and the other UBIs in which resources such as faculty experts, students and libraries are utilised. The key distinction between these two models is the access to a richer, more diverse network that can offer nuanced opportunities for funding and the transfer of expertise (Hansen et al., 2000). This focus on networking creates a more valuable experience for incubatees in the form of alliances, collaborations, increased credibility and shortening of the entrepreneurial learning curve (Smilor and Gill, 1986; Smilor, 1987).

Management

As noted, there is a wide array of incubator types outlined by the literature. Each type of incubator incorporates a unique management style to cultivate entrepreneurship and insulate incubatees from strategic, bureaucratic and organisational impediments (Hansen et al., 2000). It is every incubator manager's goal to successfully incubate his/her tenants. This can be achieved through different management styles, advisory boards, risk management structures and control systems (Hackett and Dilts, 2004).

It has been identified by Bøllingtoft and Ulhøi (2005) that, in regards to both the

management of individual ventures and that of business incubators, a need exists for specific skills to be held by managers such as collaborative and networking, which in turn has implications for the educational curriculums of management schools.

Each business incubator has either a prescribed vision, what Covin calls 'the top down approach', or is adaptive to meet the needs of incubatees and other stakeholders' needs, the 'bottom-up approach' (1988).

A business incubator manager must consider and carefully select which criteria he/she will use to vet and oversee the entry process. Bergek and Norrman offer the following typologies for such an application process:
Picking-the-winners/idea (entry is given to the best idea)
Picking-the-winner/entrepreneur (entry is given to the best entrepreneur)
Survival-of-the-fittest/idea (the best idea that will withstand the test of time)
Survival-of-the-fittest/entrepreneur (the best person will be most successful)
Strong intervention (management closely monitor the progress of the start up)
Laissez-faire (management has a more laid back approach to the incubatees)
(Bergek and Norrman, 2008).

This has a direct impact on the success metrics of the incubator, as the defined goals established by the incubator form the basis of its determinants of success. Furthermore, the application process and subsequent success criteria set the tempo for incubatees and help establish a foundation for the incubator's brand.

Success Metrics

The major finding from the conglomeration of business incubator theory is that success is significantly dependent upon the pre-determined success metrics of each incubator. Despite such an obvious finding, a large amount of research has been carried to determine best practices and an optimal model. A highly engaging issue is that determining what, precisely, can make an incubator successful can readily solidify and shore-up support from governments, policy makers and financiers; issues of success gravitate around political agendas and the subsidization of public funds.

Several academics have offered a theoretical perspective on the topic of success metrics in the incubation process. (Allen and McCluskey, 1990; Colombo and Delmastro, 2002; Hackett and Dilts, 2004; Peters and Rice 2004; Grimaldi and Grandi, 2005; Bøllingtoft and Ulhøi, 2005; and Bergek and Norrman, 2008)

Allen and McCluskey (1990) first gave a performance review of the incubator industry, but this did not render any consensus. Prior research angles measured incubation outcomes, rather than incubator performance. Instead of evaluating the effects of trial and error, there still exists a research opportunity to study the performance of established strategies and their effectiveness.

Colombo and Delmastro's (2002) work on the effectiveness of incubators was a pivotal piece of research. They contend that studies on incubator success returned mixed results, leaving the question of which processes, on or off park techno-entrepreneurial activities reaped better results for stat up companies? MacDonald (1987, cited by Colombo and Delmastro, 2002) states "*...the premise that high-technology firms gain competitive advantage through location alongside a university because of the information flows from the university, is flawed"(p.*1105).

Cressy (cited in Colombo and Delmastro, 2002) says the "*[c]orrelation between survival and financial capital…should focus on human capital and depend on the success of the entrepreneur*" (p. 1104).

What makes an incubator successful according to the literature? According to Hackett and Dilts (2002), this can pertain to flexibility and oversight as the main contributors to vitality and effectiveness. This still shows evidence of a reactionary approach to the operations of the incubator. In contrast Peters and Rice (2004) cite Gibson and Wiggins's five strategies to succeed:

- Establish metrics of success
- Provide entrepreneurial leadership
- Provide value-added services
- Specify entry criteria
- Provide access to human and financial capital

Peters and Rice (2004) supplement this by identifying management pitfalls that ultimately influence the effectiveness of the incubator and, hence, the success of incubation. According to the National Business Incubator Association (NBIA), the pitfalls to the incubating process relate to an over-promising of services, too-limited choice of resources and an over emphasis on infrastructure (2011).

Grimaldi and Grandi (2005) posit that the metric for success is a graduated incubatee. Subsequently, they claim secondary success measurements that seek to answer questions - such as 'do the services fit the needs of the incubatee?' and 'does the incubator fit and benefit the local market?' - ought to become indicators of success. To further illuminate these measurements a number of variables are available to gauge success. These are, according to Grimaldi and Grandi (2005):

- Selection process
- Network formation (internal action)
- Network density (external)
- Incubator manager
- Interpersonal professional relationships between incubatees and management
- Incubator effectiveness, specifically to cost structures and graduation rates.
- Procedural standardization
- Policy formation and lobbying
- Level of incubator development

The degree of incubator development and the number of incubatees are positively correlated to incubator survival. The more established it is and the more incubatees it has graduated, the higher its survival rate. Accumulatively, these variables create a framework for identifying best practices and offer considerations for avoiding pitfalls.

At no other point during an incubator's life cycle is it more vulnerable than in its fledgling phase. Bøllingtoft et al. (2005) address three dimensions of such liabilities that a young incubator may fall prey to: administrative support, age of incubator and lack of visibility on the market, and isolation versus being apart of a community of peers. These dimensions apply to the incubator and incubatees, as they are considered

market dynamics.

From the literature we begin to see the formation of practical research regarding incubator longevity and the establishing of benchmarks and industry standards. Indeed, Bergek and Norrman (2008) suggest that a holistic approach be taken to the management of an incubator, and management ought to take into account the above parameters of success, as they relate to contextual considerations of the incubator.

This argument is supported by Bøllingtoft and Ulhøi's (2005) empirical finding that suggests room exists for more than one type of performance measure in addition to the rigid venture capital model (Hackett & Dilts, 2004). The venture capitalist success model is founded on amplified return on investment and an intensive business support program. This may not be a viable revenue structure or internal organisational culture for all start up companies.

We see there is a well-researched area of the business incubation field that is dedicated to performance measures, best practices and success metrics. It can be concluded that several performance variables can be used as a benchmark to contextually identify the success and effectiveness of business incubators as they measure up against the stipulated goals of the incubator.

Funding

As previously noted, Bergek and Norrman (2008) and Bøllingtoft and Ulhøi (2005) acknowledge that there are several funding structures associated with incubator models. However, our theoretical investigation reveals little posited in favour of or against any particular financial structuring as it relates to the typologies. As a matter of fact, the consideration of best practices for financial structuring within incubators has been seriously under researched. As suggested from the literature, an organization tries to identify revenue streams and funding avenues that are most accessible for the incubator.

As aforementioned in the overview of business incubator typologies, we can deduce that the models of incubators known today derive from their financial structure. We

see a good example of "following the money trail" (Lorentzen, 2009), so to speak, as a means to understanding an organization and its structure.

A 'networked incubator', per Hansen et al. (2000), is hosted by an established firm that invests in high-potential start-up enterprises. Hence, financial capital is drawn from partner investors, business angels and other private venture capitalists. As a result we have a highly competitive environment driven by the scope for high-growth and its potential financial return. For example, at an incubator such as Hotbank, the incubator holds equity stakes between 20-40%. Most corporate, independent and private business incubators are modelled in such a way.

In a similar nature, funding for the university based incubator or UBI can be primarily traced back to the university (Colombo and Delmastro, 2002). The value added for the university is access to innovative breakthroughs and enrichment of the knowledge base on campus. This model also provides a solution to financiers that do not have technical acumen, and thus cannot identify and realize the investment opportunity within the industry (Colombo and Delmastro, 2002). This could be said for any investment opportunity in any industry about which the financier knows little.

Some non-profit models are funded by government initiatives (Peters and Rice, 2004). From this funding structure arises the question: 'fees or free'? In effect, this means each funding structure - whether private or public – has benefits or drawbacks. As well, governments investing public funds into business incubation must consider whether it is a matter of public good, driving the economy to siphon funds to a university-based incubator or other similar public incubator, or if it behoves them to take a profit share. Grimaldi and Grandi (2005) provide an example of a public incubator model in which a fee for services within the incubator is required and functioned as a main profit driver.

Again, only a modest amount of research has been carried out in regard to financial strategy and funding best practices. This presents the opportunity for further study centred on funding and revenue structures of individual incubators based on their success metrics and management style.

Policy and Economic Benefit

The first intended function of a business incubator was to generate economic growth for a local region and to encourage job creation (Plosila and Allen, 1985). Business incubators were a hot topic and on the United States public policy agenda since the 80s, operating as a mechanism against market failure (Hackett and Dilts, 2004).

The original model was organized to neither detract from nor compete with other private industry spaces, such as science parks, but to offer fledgling companies support in order for them to advance past the initial gestation period. Today they are not considered to be an economic quick-fix, so to speak, but part of a long-term strategic mechanism for economic development. Through a proactive public policy, local and regional communities have an opportunity to reap the benefits of new agglomerations of technological communities and incubators (Abetti, 2004).

This, in turn, contributes to the region's economic stability and likewise generates other rub-off benefits such as job creation, strengthened regional reputation and its concomitant attractiveness to other new firms. Retrospectively, this is what occurred in Silicon Valley, now world renowned as the epicentre of IT and technological innovation. Home to Google, Facebook and Apple, to name three highly notable companies, these firms generate significant wealth and opportunities for the region.

Grimaldi and Grandi (2005) offers a perspective on the business incubation model as a tool for economic development and puts forth three arguments that can be used by policy makers in promoting CIs agendas. Firstly, incubators offer a low-cost means of job creation. Additionally, rather than shouldering the economic burden of corporate relocation out of depressed economic areas, incubators offer corporations a chance to simultaneously develop new business opportunities. Lastly, incubator models are well tested and rooted in theory of entrepreneurial economic development.

Etzkowitz (2002) offers an interesting hegemonic perspective on the incubation process so as to best capitalise on political, educational and industry influences for the benefit of an incubator. Through a cooperation of the three sectors - government, university and private industry - channels for innovation and pollination of ideas flourish. Through collaboration, these three entities become a networked unit. As a

result, the interactions and developmental processes move away from a linear model to an integrated form.

Networking

As a result of the new, new economy (see Hansen et al., 2000) we see literature focused on value-added networking and collaboration. Cooper (1985) first hints at its significance by stating that the motivation for incubation (referring to the 'mother firm' model from Plosila and Allen, 1985) is based on the firm's influence on the entrepreneur, as they are like-minded people. This is the first marker pointing to the importance of the human element in the incubation processes. The interactions and business opportunities created, skills learned and sources of inspiration are all reliant on the strength of the incubator's network.

The human element has been a recurring theme throughout literature, but was first prominently researched by Hansen et al. in 2000. Their research analysed a new 'networked incubator' adapted by renowned incubators, such as Hotbank, CMGI, Internet Capital Group and IdeaLab.

"*The distinguishing feature of a network incubator is that it has mechanisms to foster partnerships among start-up teams and other successful internet-oriented firms. These incubators exploit networking by providing fledgling companies with preferential access to potential partners and advisers*" (Hansen et al., 2000, p.76).

Promising start-ups gain acceptance into these incubators by being hybrids of what was the 'mother firm' model and are today's traditional business incubator models. Mother firms offer incubatees access to their network, senior staff, management resources, etc. in return for equity shares and fresh perspectives within their own firm. The networked incubator case studies used by Hansen et al. (2000) are specific to the IT industry and Internet start-ups. To date, this is the general case study profile seen throughout the bulk of business incubation theory. As mentioned in the problem field this is a significant dilemma in testing the model's adaptability to other growth potential industries.

Characteristics of a Networked Incubator

From the case studies used by the researchers cited in this literature review, we see emerging model parameters. The existence of a host firm, business support services, physical services (telephone, internet, desk, etc.), the presence of a 'star' start up (success story), access to a host firm's network and leverage are some identified attributes to a well-managed networked incubator.

The obvious benefit of a networked model such as this is reflected in an accelerated gestation period. The CEO of Model E, an incubatee at Softbank, shared: "*I've made three years worth of decisions in three months. Being in the same building as Softbank partners has made it easier to maintain a relationship*" (Hansen et al. 2000, p. 77). By the institutionalisation of networking, the start-up firm has direct access to exclusive networks of key stakeholders. The process by which networking can become successfully structured and institutionalised without losing organic synergies, is a topic for further research.

Location

As international borders have become increasingly open through new communication channels that facilitate the trade and transfer of knowledge, we have seen business incubation theory migrate across governmental and regional borders. An interesting question arises vis-à-vis the specific cultural business tendencies that may or may not affect the transferability of this theory.

Academic examples of business incubators have been researched outside the United States in countries - Finland, Italy, the United Kingdom, Norway and Australia - that offer a glimpse at the possible non-transferability of some specifically American business paradigms. Undeniably, such cultural paradigms in the business world exist.
Cooper (1985) first denotes that incubators are synonymous with clusters that benefit from knowledge sharing among close networks (proximity-wise).
It is not until 2002 that there was a significantly cited academic contribution to literature about specific regional characteristics and the ways incubator models can be adapted according to specific regional needs and unique characteristics. Colombo and Delmastro (2002) analysed the effectiveness of an incubator model, specifically in regard to Italian technology incubators. Colombo and Delmastro (2002) deduce that,

as Italy is not a country rich in technological capital and capabilities, an incubator model was an advantageous solution to initiating a regional technology industry able to compete on the global market. Arduino Ltd, first developed from Interaction Design Institute Ivrea (IDII, 2006; Banzi, 2008) in Italy is one such success story.

Another interesting perspective on a prospective globalized incubator model is the effect of unique cultural characteristics of the region. In examples out of Helsinki, Abetti (2004) illuminates that the unique cultural and social characteristics of civic republicanism creates a proactive approach to generating new high-tech agglomerations of incubators (Seidenfeld, 1992). This social predisposition can be explained as a level of public virtue where the citizen, through inherent value for individuals and personal property, allocates his or her time and energy to civic action.

From these cases studies we can see that incubation models can be, and are, adaptable across cultures, in some cases quite effectively, and leave room for customising models and their services according to the specific needs of incubatees.

Entrepreneurial Profile

A few key indicators from business incubation literature are important to identify when reviewing and forming a theoretical foundation. Cooper (1985) first recognises the influx of entrepreneurs into incubators that occurred as a result of poor economic conditions and hardship. The incubator functioned as a refuge for fledgling companies (Mian, 1996).

Nonetheless, theorists diverge on the topic of entrepreneurial profiles. Mian contends that "*[e]ntrepreneurs are not a particularly appreciative group, and their high degree of autonomy and self-esteem shade their perceptions of how much they are really being helped."* (Mian, 1996, p.334) This offers an interesting perspective on the nature of the entrepreneur found at the university-technology scene. It is interesting to examine the extent to which attitudes are relegated to or transcend the bounds of particular entrepreneurial communities, such as the university-technology community referenced by Mian (ibid).

As the workforce of the creative and cultural industries becomes increasingly individualized, we see an interesting movement of micro-structured entities and self-monitors; essentially, entrepreneurs (McRobbie, 2002). The topic of entrepreneurial profile will become especially relevant to our discussion of incubation and the cultural industries, as artists, crafts people and creatives are rarely referred to in an entrepreneurial capacity.

Cultural Industries Literature review

CI Literature review

"Creative industries are said to be a special sphere of economic production: art and artistic egos rule, managers are 'the enemies', motley crews turn production processes into mayhem, time flies and individual success is a result of God-given talent and earthly earned networks of contacts" (Eikhof & Haunschild, 2006, p. 234).

Bourdieu's philosophy of cultural production is based on a relationship between power and class dynamics (1993, 1996). To him, cultural production is closely interlinked with cultural capital—"non financial social assets" (Bourdieu 1996). This concept allows for individuals to transcend the barriers formed by economic class through the avenues of education and intellect. Stemming from this foundation, Hesmondhalgh magnifies the role of cultural production and its texts as not being a separate entity from economics, but as an economic means and integral part of modern, post-neoliberal economy (Hesmondhalgh, 2008).

Indeed, as a precursor to culture as an industry, per se, we must first acknowledge that the field of general cultural studies examines how power relations manifest in our everyday lives—from how we speak to how we dress; culture may only manifest according to the political and social context in which it exists (Bourdieu, 1996; Sardar 1998). Similarly, a single culture must be viewed from myriad vantage points as its context shifts. It is in this way that we have, for example, the understanding of artistic movements as they relate to the greater political situations during which they evolve.

To Sardar, culture has a "commitment to an ethical evaluation of modern society and to a radical line of political action" (1998). If we take this view of culture the inherent importance it has in the world becomes apparent. A way to assess and present political and social opinion is irrefutably linked to human progress. However, the value of culture to an economy is a particularly important topic to discuss because it does not easily correspond to traditional business value metrics. As stated by Gordon and Beilby-Orrin (2006) in a report published by the Organization for Economic Co-operation and Development *"...the phrase "economic importance" may*

immediately translate to economic impact, often summarised by the contribution to Gross Domestic Product (GDP). While this aspect of the quantitative measure of culture is an essential part of the project the importance of culture goes well beyond its GDP contribution" (p. 6; see also O' Connor, 1999).

Echoing Sardar, Gordon and Beilby-Orrin go on to cite the Canadian Governor General who shares that one marker of the health of a democratic society relates to creative expression (2006). The freedom to express one's self has a foothold in history as a political and social outlet, and reflects the zeitgeist during the era in which an artistic work is made.

In the past five years the issue of cultural industries has foisted itself on the European agenda, signalled by the growing interest of DGV (employment) in 'cultural' issues. A similar tendency can be observed at a number of European conferences on the subject – the debate quickly becomes one within the 'arts' constituency alone, with the 'value' of arts and culture inevitably driven towards external indicators, which in turn become statistical.

In an explicit and comprehensive manner, the Australian statistical office (p. 9, 2006) has grouped possible types of arts and heritage indicators into four broad categories.

Cultural o cultural relevance and diversity of arts and cultural heritage collections o balance between [domestic] and foreign cultural content o impacts on cultural identity o impacts on cultural awareness and tolerance	**Quality of life for consumers and for persons involved in the arts** o barriers and motivation for arts involvement as a leisure activity o quality of life for arts professionals o artists' skills acquisition o impacts of arts involvement on learning, sense of achievement and general wellbeing o barriers for leisure consumption of arts and cultural heritage o impacts of consumption on learning and general wellbeing
Social	**Economic**

o accessibility of arts and cultural heritage services o impacts on community networks o impacts on civic participation o impacts on social responsibility	o economic viability o support for [domestic] content o government funding o payment for arts involvement o cultural tourism o the arts and innovation o international trade

The above measurements account for the non-economic values that cultural production can bring to a society. They stress the need to take a broader perspective when attempting to quantify the value of culture to society, in lieu of metrics such as job creation and financial data. For example, the role cultural industries have on cultural awareness, civic participation and education manifest in societal tolerance, diversity and the cross-pollination of ideas, global perspectives in work- and political-life, as well as a more well-rounded population with many avenues to self-expression and understanding.

Echoing this sentiment, UNESCO (United Nations Educational, Scientific and Cultural Organization) is a United Nations branch devoted to the mission "*to contribute to the building of peace, the eradication of poverty, sustainable development and intercultural dialogue through education, the sciences, culture, communication and information*" (**http://www.unesco.org**).

At the *Convention on the Protection and Promotion of the Diversity of Cultural Expressions* the international community signalled the urgency to implement an international law that would recognize:

- The distinctive nature of cultural goods, services and activities as vehicles of identity, values and meaning;
- That while cultural goods, services and activities have important economic value, they are not mere commodities or consumer goods that can only be regarded as objects of trade

Defining the cultural industries

Creative versus Cultural Industries

A question often arises about the boundaries between creative industries and the similar concept of cultural industries. Cultural industries are sometimes described as a supplementary sector of the creative industries. Technical creativity, as in software development and engineering innovation, are considered a part of the more comprehensive creative industries. Cultural industries, on the other hand, focus on industries whose products embody an aesthetic and experience value (Lorentzen slides, 2009). Thus cultural industries are more concerned about delivering other kinds of value—including cultural wealth and social wealth—rather than primarily providing monetary value. Florida (2002), in what he coins the *Experience Economy*, posits a shift from a product-based term to one that is more knowledge-based, the creative class, which would include all professionals in any knowledge-based industry. Because of a focus on the societal and cultural value in lieu of traditional value metrics and an emphasis on an aesthetic quality to production, we will use the term cultural industries (CIs) for the remainder of this paper.

Although the vast selection of definitions is important to the studies of CIs, we elect to adopt a definition of CIs from UNESCO. As O' Connor contends, many definitions of the CIs are framed by regional governments in order to place economic boundaries around the industry, leaving out the true aspect of CIs—that which harnesses the cultural value (1999). UNESCO's working definition offers a global perspective and roots itself in the importance of creativity and artistry inherent to CI production.

> "*Cultural industries produce and distribute cultural goods or services 'which, at the time they are considered as specific attribute, use or purpose, embody or convey cultural expressions, irrespective of the commercial value they may have',* according to the terms of the convention on the protection and promotion of the diversity of cultural expressions adopted by UNESCO in 2005" (www.unesco.org).

Within this definition falls the following categories of sectors: advertising;

architecture; arts and antique markets; crafts; design (including communication design); designer fashion; film, video and photography; software (including computer games and electronic software); music (including visual and performing arts); publishing; television; and radio.

That culture has now become an economic industry unto itself warrants particular attention. We will not beleaguer the preliminary roots of CIs nor delve further into its social and political ramifications. From here we will, instead, unpack existing literature regarding CIs in order to excavate the most distinguishing characteristics of CIs before placing them in the context of case studies and data analysis, in the hope of somehow addressing what Bernard Miege aptly noted in 1989: the problem with holding CIs up against the neoliberal context of markets and commodities is that they are unique industry that have peculiar issues of processes and production (as cited by Hesmondhalgh, 2008). It is with this in mind that we will speculate as to how current incubator models predominantly in use may be reconfigured to account for these particular issues.

The following review of existing literature and theory will be arranged into two overarching categories: themes that pertain to a managerial perspective of CIs, and themes that pertain to creatives, themselves.

Bohemian culture/ counter culture

"The bohemian lifestyle, which is characterized by a devotion to art for art's sake, is an essential source for work motivation of artists and an increasing number of other creative workers" (Eikhof & Haunschild, 2006, p. 234).

Eikhof and Haunschild (2006) find that a 'bohemian lifestyle' allows for creative-types (creatives) to "… *to bridge the gap between artistic work and the economic need for self-management"*. The 'bohemian lifestyle' is characterized by a devotion to art for art's sake, an essential source for work motivation of artists. We will explore the notion of 'devotion to art for art's sake' further along in this chapter, but will examine more closely how art and commerce collide in this subsection.

Creatives are bound by the pressures of both the unpredictable nature of creativity and also the structures of everyday modern life. They must find time and inspiration for their art, but also to earn a living. This dichotomy sometimes manifests as the cliché "struggling artist" or the waiter/actor variety. In some areas of CIs, the creative is traditionally employed (e.g.: advertising), while others hold day jobs in order to make ends meet (Caves, 2000).

The substantiated reason for this type of lifestyle is considered to be because art and commerce do not mix well: the structures and confines of business and the market stifle the artistic flow (e.g. Caves, 2000; Lampel, Lant & Shamsie 2000; Howkins, 2007).

Eikhof & Haunschild put it like this,
"…In contrast to these conventions a bohemian life was marked by principles or ideas such as spontaneity, sporadic employment, lack of income, continuous improvization, by living from hand to mouth and by trying to enjoy life from day to day instead of subordinating to fixed (work) schedules. Work in particular was not regarded as a means to earn one's living but as a vehicle for self-fulfillment" (2006, p. 236). In this case, self-fulfillment refers to pursuing one's art. We see this in many aspects of CIs: organized around projects and temporary contracts, day-jobbers, the stereotypical 'starving artist'. Creatives, as professionals, are forced into a murky space between art and commerce.

Also present in the bohemian lifestyles of creatives are remnants of what was once resistance to middle-class norms. As with all things middle class, traditional business was something to scorn.

"…Since [cultural] industries depend on artistic motivation as their primary resource for economic production, these tensions have to be bridged at individual, organizational and field level. Art as a sphere of aesthetic performance in its own right deliberately negates economic market orientation" (Eikhof & Haunschild, 2006, p. 234). They cite Bourdieu, who philosophised that an integral part of CIs is being purposefully 'non-economic' or, rather: being counter culture (Bourdieu, 1993; 1996)

that to creatives motivation comes from an internal drive to create and be inspired, not financial gain.

"It is also widely acknowledged that management attempts to economise creativity and artistic motivation run the risk of damaging these resources: 'Creative people tend to rebel at efforts to manage them overly systematically'" (Eikhof & Haunschild, 2006, p. 236). Striking a balance between a successful business model and maintaining spontaneity and creative freedom remains challenging in CIs.

Art for Art's Sake

"I think to be an artist, on one side, you have to be a space cadet. Then on the other side, you're basically running a small business, so you have to somehow muster the brainpower against your own instincts." Cory Arcangel, artist (cited by Mary Heilmann, interviewmagazine.com, accessed 18/10-2011).

Dovetailing from the Bohemian Lifestyle is the underlying motivation for creatives to create—for the love of it, or the need to create. Extrinsic factors, such as profit and recognition, are cited as the most motivating by traditional business people (*humdrums*) (Caves, 2000). In fact, positing a very strong characteristic, Caves (2000) says humdrums *"…do not care who employs them or what task… they are asked to undertake. They are just in it for the money"* (p. 4). For the creatives in CIs the intrinsic motivation factor, e.g. artistic autonomy and personal expression, is more predominant (Bertelsen, 2010; Tonn, 2009). In other words, creatives have a *"personal desire to engage with the affective, emotive, cathartic dimensions of creative pursuits"* (Gibson and Kong, 2005, p. 544). Compelled by a need to create, to be artistic serves as the most prominent motivation factor among creatives (e.g. Amabile 1983, 1998; Caves, 2000; Eikhof & Haunschild, 2007). This is not to say that other motivating factors are irrelevant to them, merely that they harbour a critical passion underlying their work life. Creatives care about originality, technical professional skill, harmony, etc. of creative goods and are willing to settle for lower wages than offered by 'humdrum' jobs.

Utilizing Bourdieu's theory of drivers of individual action (essentially that each human acts in a way to increase his/her quality and/or quantity of resources through applying logics of practice), Eikhof and Haunschild (2007) explores the logic of business practice and the logic of artistic practice to understand the role of motivation within the CI workforce (e.g. Bourdieu, 1983, 1984, 1990, 1993). *"Analysing logics of practice in theatre reveals a central paradox of creative production: when the artistic logic of practice is economically utilized, economic logic tends to crowd out the artistic logic and, thus, erodes the very resources upon which creative production depends"* (Eikhof and Haunschild, 2007, p. 524). The creative process, without which CIs would simply not exist, should not be 'crowded out' by the equally important need for business structure (Frey, 1994).

As Lorentzen (2009) aptly notes, when a cultural business has commercial success in terms of a secure profit stream, it frees the business up to pursue more creative endeavours that satisfy the artistic drive (Lampel et al., 2000). Indeed, it is this very drive that compels artistic types to create, which can result in the artist pursuing a more bohemian lifestyle that includes moonlighting, or constantly moving where work in one's trade is available in order to afford to live and pursue creative projects (Eikhof & Haunschild, 2006). Based on organizational research by Bernard Miege in the 1970s, it is argued that creatives are largely underpaid because of an abundance of workers (1989). This leads many CI workers to seek out supplemental work in order to eke out a living. A fear of becoming enslaved by the market or by business contracts is prevalent among creatives. Duly noted by Caves (2000), *"[a]sked to cooperate with humdrum partners in some production process, the artist is disposed to forswear compromise and to resist making commitments about future acts of artistic creation or accepting limitations on them"* (ibid, p. 4).

Despite having a need or even desire to make a viable living off his/her art, the creatives' art for art's sake conundrum is two-fold: 1) creatives are intrinsically motivated, which is at direct odds with the demands of the market and structured business, and 2) they have an inherent aversion to traditional business.

Gatekeepers

"Gatekeepers play a critical role in determining what creative products eventually reach audiences." (Foster et al., 2011, p. 247)

As a definition, gatekeepers are "brokers who mediate between artists and audiences… as co-producer, as tastemaker, and as selector" (Foster et al., 2011). Negus argues that the notion of gatekeeper in CIs emerged in early communication studies of news production as a way of challenging the prior idea that news stories selected for broadcast were merely a reflection of events happening in the world (2002).

"The gatekeeper concept sought to stress the editorial selection of very particular stories and hence the production of subjective versions of complex events" (Negus, 2002, p. 13). In CIs terms, it is the editors, armed with their personal tastes and their employers' demands, who subjectively decide which authors are worthy of publication. In this way, the works published are not exact representations of the type of writings being submitted.

Similarly, Negus notes that CI content is actively sought out. He notes, *"not only is content actively sought out (someone has to go and find the talent or the story), it can be systematically planned, with staff in the organization deciding in advance the genre of story, music or film they are seeking and encouraging its internal construction or sub-contracted production"* (ibid, 2002, p. 12). Again, it is recognised that subjectivity has a predominant role in how CI gatekeepers interact with material and talent.

Currid emphasizes the social interaction related to gatekeeping in the CIs. She claims that the entire concept of what an institution is must be reconsidered in CIs. Whereas universities, governments and trade associations are considered standard institutions in the field of economics, Currid's argument - that dense networks of weak ties generate a critical mass of creativity - must be considered to be an institution with gatekeeping capacities (2007).

Furthermore, it is important to note the role of the Internet in gatekeeping. The Internet is pervasive and affordable; in the UK upwards of 60 per cent of adult Britons access the Internet everyday (http://www.statistics.gov.uk/cci/nugget.asp?id=8). Anyone can become a blogger and cultivate social media profiles (on sites such as Facebook and MySpace) changing how and who gatekeepers can be. Prior to the explosion of social media, gatekeepers were relegated to established realms: think Anna Winther's editorial role at *Vogue* and critics who wrote for *Rolling Stone* magazine. Now, music artists host their own pages on MySpace and recording companies can, at the click of a mouse, peruse the vast availability of musical talent.

The power of the intellectually wealthy in this regard is much more diminished than even half a decade prior. This relates to gatekeepers in CIs because the space between accessing their opinions and also becoming an opinion-maker is becoming much more muddled. Whereas half a century ago journals and critics, dubbed social capital by Bourdieu (1984), were much more stratified, it is now a matter of having the acumen to click 'search'. Echoing this, Currid (2007) acknowledges that *"[i]ndeed, there is a marketplace for cultural goods, but due to their subjective nature, it is largely influenced by dense social networks which are often how an artist gets into the marketplace, why one piece of art is considered brilliant while another is not, and how gatekeepers (those who valorize goods) and creative producers engage"* (ibid, 2010, p. 94).

Complex Goods

Many different types of creative people are often involved in the same endeavour (Ibid; Caves, 2000). Overcoming this inherent barrier is essential in order to carry out a project efficiently and with quality in mind. According to Caves (2000), the *motley crew* principle commonly found in CIs suggests that because they generate relatively complex creative products, such as films, which require a broad spectrum of skill holders to produce, each skilled input must be present and perform at some minimum level to produce a valuable outcome.

A key challenge to navigating among many different people while managing projects in the creative industries is that there is a communication gap that exists between the

creative types and the business world (Lorentzen, 2009). Language and vocabularies are unique the two distinctive worlds of art and commerce; furthermore, the manifold sub-worlds lie beneath them have particular lexicons. For example, actors inhabit distinctive conventions (fx: method acting, contract particularities) related to their craft while advertisers have a totally different paradigm and culture to their work.

Access to Resources

Related to the characteristic of complex goods, being able to locate and bring on board the relevant skill holders for a project, thus, becomes a relevant challenge facing temporary, or project-based, organizations. This is because key players of the work force are often freelance, especially within CIs (see, for example: Lorentzen, 2009; Hesmondhalgh, 2007).

From a managerial perspective it is a unique challenge to organise preferred freelancers around temporary projects and ensure they are each available when his/her skill is required along the production process. To illustrate this point, we cite the music industry: a mixer and sound producer is often freelancing because his/her skills are only needed toward the end of the creation process. Instead of paying this skill holder as a fulltime position, many companies or music organizations (that are not *system houses* which are vertically integrated corporations such as Sony or BMG) opt for the more cost-efficient way of holding temporary contracts on a project-to-project basis. At the same time, this means an inherent risk exists that the preferred sound mixer may not be available when requested.

Hit or Miss

"The artist does not know and cannot pre-test whether her vision will prove equally compelling to others" (Caves, 2000, p. 5).

What Caves (2000) calls the *nobody knows principle* rests on the notion that demand uncertainty exists because the consumers' reaction to a product cannot be accurately preconceived, nor readily quantified afterward. Because CI products are experienced-

based (Lorentzen, 2009), they are subject to a person's taste or aesthetic. Thus, CI products are largely hit or miss.

Hesmondhalgh (2007) points out the fact that cultural goods (or texts) are evaluated once on the market. This means that there is a 'nobody knows' factor to the industry that makes production a very risky endeavour. For example, a band with a hit album may afterwards produce a flop, '*the one hit wonder*'. This is because, as Hesmondhalgh (2007) cites, audiences are unpredictable in their responses to cultural texts. Indeed, television networks in the United States have tirelessly gathered data and attempted to establish a reliable equation to understand and replicate successful programming. Despite their efforts, both artistic ways of being (the creative development of a program) and audience response to programs can range between difficult and impossible to control and predict (Caves, 2000).

High Production Cost

Hesmondhalgh (2007) notes that within the Cultural Industries there is a characteristically high production cost to producing goods (or texts, as he calls Cultural Industry outputs). It is not possible to know how the world, let alone a consumer base, will respond to the latest creation. Costs sunken in to the film industry exemplify this dilemma. Director Michael Cimino had just scored hugely with the much-lauded film *The Deer Hunter* when United Artists (UA) took him on to direct a subsequent film, *Heaven's Gate*. Despite having disputes over creative vision, UA executives granted Cimino quite a bit of control and ceded to him significant budgetary and planning power in order to get him to agree to have the film ready according to a deadline set by UA. The result was an egregiously over-budget and overdue project that had already cost the firm upwards of $40 million. In the end, Cimino's film was way too long, way too expensive to recover costs, and UA could not get him to relinquish some of his artistic expression for the sake of making it in any way releasable (Caves, 2000). It was an utter flop, from production to release.

Because CIs are confronted with inherently risky business (Caves, 2000; Hesmondhalgh, 2007), they readily seek to mitigate risk. Foster (2002) found that original agents, or those booking non-cover bands, behaved differently as opposed to

cover agents, who book cover bands that are, thus, performing familiar music. He predicted that because "…*[original agents] book more acts overall and more acts per night, it is harder for original agents to identify exchange partners and assess their quality, original agents [would] need more information than cover agents to effectively reduce the risks of having "bad nights"* (ibid, p. 3).

Indeed, Foster determined that original agents educated themselves via multiple avenues, and much more so than cover agents. For example, original agents read more and a wider variety of publications on music, and actively sought out information and opinions from a broad spectrum of people (Foster, 2002).

Time flies

When coordinating complex projects with diversely skilled inputs, time is of the essence, according to Caves (2000).
"… Creative activities involving complex teams—the motley crew property—obviously requires close temporal coordination of their activities" (Caves, 2000, p.8).

As explained by Lorentzen (2009), there is a level of risk involved: namely the managerial risk of having too much *lag time*. From a managerial point of view, *lag time* is when planning and contracting of requisite or preferred freelance skill holders is not properly carried out, resulting in a period of time in which freelancers are contracted and paid when the work is not ready for their input. This is costly for production (Caves, 2000).

For the freelance worker, this characteristic is interesting because it can result in a key freelancer being unavailable for a certain project and, thus, awarding of the contract to a less-known or inferior artist (see the *a-list/b-list* characteristic) (Caves, 2000; Currid, 2010). This represents periods without income. Ideally, one will become part of a community, or cluster, of creatives that eventually share knowledge, networks and resources, and works together on repeated projects (Maskell & Lorentzen, 2004). Cluster theory will be explored in more depth further along in this section.

Cluster Phenomenon

As previously noted, creatives commonly do not move up a chain of command throughout their career, but instead shift horizontally (or in the direction of more prestigious or desirable projects) over time (Maskell & Lorentzen, 2004). This has been found to result in creatives gathering in particular geographic regions (Currid, 2010). *Clusters* of creatives in London, Berlin, New York City, to name a few regions, are well-known creative hubs across the globe. But, underneath this phenomenon it is important to note how and why this comes about.

Defined by Hesmondhalgh (2007),
"business clusters are groups of linked businesses and other institutions located in the same place (a city or region), which employ competitive success as a result of their interconnections" (ibid, pg. 310), emphasise the importance of clusters to both managers and creative skill holders. From the managerial point of view, the quality of the creative product is reliant on being able to pull from a local base of variously skilled persons. Again, the *complex goods* and *motley crew* characteristics are relevant. From the perspective of the creative worker, being readily close to interesting projects is key to professional success and building of one's reputation, while also being in close proximity to other creatives allows for new inspiration and cross-pollination of ideas.

From an economic standpoint, Chatterton & Hollands (2002) found that the clustering of businesses and urban planning and policies in support of a vivid nightlife in an English city played an active role in revamping the material and symbolic urban economy of the region. They placed an emphasis on the potential employment and income effects of developing a strong urban cultural economy and cultural production systems (Chatterton & Hollands, 2002 citing: Hall, 1996; Scott, 1997; Pratt, 1997). In this way, *creative cities*, as a term, has been used by policymakers in recent decades to denote that urban creativity could be tapped as an important contribution to both economic prosperity and social welfare (Hesmondhalgh, 2007).

Motivation & Behaviour

The aforementioned idea that the 'slack' that un- or under-motivated employees can sometimes embody costs the company and/or it's client in a few ways. The most glaring way in which this can negatively affect the company is that an un- or under-motivated person may not produce quality work in an efficient way (Lorentzen, 2009).

In essence, because of the overwhelming tendency for CIs to be arranged on a project-to-project basis, working with constantly changing constellations of people means that ownership of and motivation towards each limited undertaking is difficult to establish. Whereas in traditional businesses people often work with a company for many years; employee motivation comes from the promise of structured promotions and increased benefits or pay raises.

According to theory, two categories of employee motivation predominate: *intrinsic and extrinsic.* Intrinsic motivation speaks to the internal forces and desires that exist within a person, whereas extrinsic motivating factors are items such as financial gain and peer or industry prestige (Lorentzen, 2009). This distinction is important for managers to understand and know how to leverage in the CIs because, citing the *art for art's sake* phenomenon, intrinsic motivational factors can be unusually important in comparison to traditional industries (Caves, 2000).

Vertically Differentiated Skills

"The conflict between art and business and the resulting consequences can be studied most persuasively amongst those artists who have to market and manage their own labour power. A large number of workers in the creative industries are self-employed or – because of strong pressures on internal labour markets – quasi self-employed, and thus forced to self manage their own artistic capabilities (cf. Blair, Grey and Randle 2001; Storey, Salaman and Platman 2005)" (Eikhof and Haunschild, p. 234, 2006).

Motivation is a unique challenge within the CIs because creative freelancers often do not make vertical shifts in their career over time. Generally speaking, they are not looking to attain promotions, per se, but are instead driven by the promise of more

interesting or prestigious (high profile) projects. Indeed, freelancers are often skilled in a single trade (ie: as a graphic designer or actor) and remain in this position throughout their career. They are not climbing the "corporate ladder" in a manner of speaking. Creative skill holders will likely remain in their position, but their professional growth will manifest in the quality of projects offered to them and in the generation of positive reputation. Caves (2000) calls this the **A list/B list property** (pp. 7-8). *"Artists are ranked on their skills, originality, and proficiency in creative processes and/or products. Small differences in skills and talent may yield huge differences in (financial) success*" (Caves, 2000, p. 7).
The implications for managers relates to a situation unique to CIs as related to motivation: because employees are largely freelance and because they are not seeking to ascend a vertical professional ladder, motivating them must speak to their *intrinsic* needs (as well as *extrinsic* factors, naturally) to work on creatively challenging and rewarding endeavours.

Organizational structure

In an attempt to place functional frames around understanding organizational structure, founding organizational theorists Burns and Stalker offer two models: *mechanistic* and *organic* (1961). Commonly found in CIs is the *organic* organization structure. According to Burns and Stalker, *"the organic form is appropriate to changing conditions..."* (p. 105, 1961). In practice, this means that in lieu of an explicit and rigid structure of communication and decision-making more commonly found in hierarchical corporations, CI's diverse skill holders often come together to communicate and make relevant decisions. Taking organizational structure characteristic of CIs a step further, Bill Ryan argues that the evolution of CI production, from market professional to complex professional (Hesmondhalgh, 2007), is almost always carried out in project teams (Ryan, 1992).
Mintzberg contributes a set of seven detailed configurations, of which the two most commonly found structures in CIs will be explained below (1995).

1) The *Innovative Adhocracy* is rooted in an organic structure centred on project work, so that each department, or contributor is shuffled and reorganised according to

project needs. This configuration is flexible and people can be linked up as needed. It is characterized by a pull to collaborate (Mintzberg, 1995).

Strengths	**Weaknesses**
● Flexible and dynamic ● Informal ● Adaptive ● Innovative	● Unclear lines of authority and responsibility ● Fragile construction ● Difficult to manage and control (esp. creative)

2) The *Simple/Entrepreneurial* configuration is one large unit whose top manager dominates a pull to lead its group of operators (Mintzberg, 1995). In this structure there is little to no formalisation of behaviour. This is in line with Burns & Stalker's (1961) organic model because it lacks standardisation. There are no mid-line managers in the configuration because the top manager handles coordination of projects. Finally, there is no need for liaison-type devices or persons, nor for planning or formalised company training. Moreover, support staff is minimal to non-existent, which keeps the organization lean and flexible (Mintzberg, 1995).

Strengths	**Weaknesses**
● Flexible ● Lean and simple ● Low on costs ● Informal	● Concentration of power ● Personalized

High-tech industries overview

Creative industries are comparatively similar to high-tech industries in some regards, as there has to be a degree of innovation and creative inspiration within the bounds of the field of science/technological parameters.

Based in the literature we have deduced that high-technological companies and industries operate significantly different from cultural industries.
Even though there exists some similarities, at first glance, between CIs and high-tech industries such as; demand uncertainty, short product life cycle and in the instance of fashion, goods are traded as perishable goods (Wu et al, 2005); there is still a significant and inexorable contextual difference of paradigms.

The dissimilarity of the two industries is paradigmatic in nature. Technological-based industries are grounded in objective, scientific and systematic mantras. In comparison, the subjective, free flowing, artistic-based expressionistic world of creative process signifies that the same approach in management and success metric may not be adopted. Further more, with such a definitive partition it is concluded that a new business incubator model specific to the cultural industries should be theorize and put into practice. This chapter aims at briefly examining some of these stark differences.

The high-tech industries are centred on innovation and progression based on a non-convexity model. As history progresses we can see a "*lumpy*" (Wu et al. 2005; p.131) increase in innovation and the race towards technological advancements. 'Lumpy' in the sense that the advancement of technology may at one point be at a stand still, but will never be in decline. This is due to the compositor nature of science and technology and as a result of paradigmatic influences can be seen in industry and market behaviour. Technological innovations incur increase of research and development, equipment, and manufacturing costs. It is more costly to re-implement past production systems than to find more innovative solutions.

An ideal example of this is the progression of technology in the music player industry. From vinyl => tape => CD => MP3 => Youtube => Spotify there has been a progression of innovation that has rarely gone backwards. Contrastingly, we take the

CIs example of fashion trends and their cyclic model. It is common for new designs and trends to be throwbacks to former fashion eras.

This aligns with the literature for technologically based business incubators and venture capitalism. The investments procured in start-up, high-tech businesses are done so in light of the potential of their high-growth probability value. Due to the nature of rapid technological innovations, capacity of production is hard to reverse (Wu et al., 2005). This raises an interesting perspective on the venture capital structures surrounding this industry and the business incubator model for private business incubation.

A final distinguishing characteristic worth mentioning is the concept of what is 'state of the art'. New technological advances raise the standard for future innovations in the industry.

This is contrary to CIs where the market fluctuates dramatically with the changing of trends, fads and popular culture. The process for innovation and product development is cyclical, but the technological infrastructure does not readily change. Fashion will re-use past trends and period styles to help develop the projection of fashion.

Likewise, the technology used to design, prototype and manufacture clothing does not change with each passing season. This is true for artistic expression and the creative process (Caves, 2000). The same measures of risk cannot be used with the cultural industries, as cultural production is highly unpredictable and is considered to be a complex good, with many actors in the production of a cultural product, or more of a production. For example a theatre production entails the services of set designers, costume designers, makeup artists, lighting specialists, musicians, actors, director, writer(s), and so forth to work together to deliver the end product. If a fashion shoot, magazine, film, music video, exhibition, they all require a synchronized and well-managed orchestration of many different talents. Another layer of complexity is when artistic expression and creative ego must be managed. The dimensions of the end result are highly conceptual in the early stages, known as the fuzzy end (Hesmondhalgh, 2007), and yet this concept has to be understood and conceptualized into each different creative expression. This is notoriously difficult to manage and an

in-depth knowledge of the creative process is essential to the management of the project and its success.

In times of economic fluctuations, innovation and new technological advancements are slowed. The rigid nature of the research and development process, as discourse suggests, does not allow for quick responses to economic cyclical adjustments. This sometimes means high tech corporations resort to outsourcing as a way to mitigate losses (Wu et al, 2005). This also points towards an uncertainty in the supply chain, as the outsource company may be unreliable or hold greater supplier bargaining power (Porter, 1979). As a result companies strategically control their supply channels by vertical integration. Contrarily, CIs and their creative processes do not follow any bounds of constraint of materials, process or product than minimal micro economical isomorphic influences.

An interesting perspective on policy making is the industry behaviour of clustering. In response to either the history of the region or public policies designed to attract a specialised workforce, the high-tech industry tends to group around specific regions. Notable examples include Silicon Valley and Ivera, Italy (Banzi, 2008), where wealth and innovation have been initiated from small suburban and at times regional areas.

A large influencing factor into the clustering are the policies made in order to support and to provide a suitable environment for industry and a means to introduce regional innovation and decentralization. Colombo et al. (2002) addresses this in case studies of Italian incubators, and will be further discussed in the high-tech business incubation literature review. Government bodies and other institutional influences, such as universities, offer a structural foundation for such initiatives to cultivate. Hilpert (1991, p 295) states that the regions' ability to be innovative is relative to the presence of necessary initial conditions; regional politics play an important role in the arrangement of opportunities and regionalization.

Proposed Cultural Business Incubator (CBI)

This section will discuss the characteristics of creative industries and represent the merging of the literature review findings - their functionality. The process through which we arrive at a hypothesized model, which will be used to examine our selection of case studies, will conclude this chapter. The hypothesized model takes into account the distinguishing characteristics of CIs and, owing to a lack of empirical value and substance for our research, will exclude the similarities.

This model that we present is only a guide derived from merging of high-tech business incubation with our foundation of knowledge and literature from the CIs. As this field has not been heavily researched, it is stressed that this model is an introductory phase to better understanding the unique phenomenon of cultural business incubation.

From the literature reviews it has been concluded a significant amount of attention has been put to the high-tech industry because of its high-growth potential, return of investment and innovative value. Even as the cultural industries are slowly acknowledged as a significant economic force and job creator, disappointingly, a gap still remains between creative processes and staunch entrepreneurship, a gap that the high-tech industry closed in the 80s and 90s, with the use of business incubation. Policy makers, universities and industry (Etzkowitz, 2004) came together in the past to close the gap between science breakthroughs and entrepreneurship, in a bid to understand how to make inventions into marketable innovations (Poetz, 2009).

The field of cultural business incubation is still in an introductory phase of academic research and the contribution that this proposed model will offer will be a theoretically based framework in order to analyze existing cultural business incubators in the market. Because the CIs have unique characteristics, an equally unique incubator model is in order.

Based on the dissimilarities we have concluded, the below theoretical reductions will be explained and used as working strategies, services and functions of the hypothesized incubator model.

Industry attributes	**High-tech**	**Cultural Industries**
Location	Suburban decentralised	Urban centralised cluster
Process	Linear and methodical	Non-linear and inspiration driven
Drivers	Innovation	Creative expression
Funding/ revenue structures	Venture capital invested	Funding support + small revenue on sold goods.
Networking	Controlled and deliberate	Dance floor networking
Flexibility	Highly regulated and ridged	Highly flexibly process of production (not referring to mass consumer products)
Lifestyle	Structured and dependent on the individual	Historically bohemian in nature
Collaboration with other industries	Conservative approach to collaboration, as a sophisticated degree of knowledge of the field is needed.	Highly collaborative with analogous industries

We selected these specific characteristics because we consider them the main differentiating characteristics from other industries. The following characteristics are extracted from our literature review based on a comparison we carried out between the two literature review sections: CIs and High Tech.

Bohemian culture

This characteristic is important to consider in developing an incubation model because, as the literature shows, creatives do not keep strict boundaries between their

professional and private lives (Lampel et al.). The abundance of freelancers who work on temporary contracts, on a project-to-project basis, and the importance of collaboration means that socializing becomes a critical business networking opportunity (Currid, 2010).

The business incubation model should take into consideration ways in which it can foster the socializing-networking experience for its tenants, as well as accommodate those who must work around day jobs or prefer to work at odd hours.

Art for Art's sake

Motivation is an important topic any good manager must consider. In this way, taking into account motivating factors is not new to business incubation models. However, as our literature review identifies, for creatives their passion to create and be creative is more significant than the drive for money making and/or reputation, as more commonly found in other industries, such as high tech.

Furthermore, this relates to **Motivation & Behaviour** explained in the literature review in that, although it is possible to find primarily intrinsically motivated persons in high tech, it is most common that the ultimate goal of the high-tech workforce is to generate significant financial gain and build a prestigious reputation. On the other hand, CI workers are most deeply compelled by the creative process and the business aspects are given second thoughts or not seriously considered during the start up phases.

When developing a proposed business incubation model customized for CIs, one should ensure that the culture and space reflects creativity and creative processes, because to creatives, art comes first and the business of business comes second.

Gatekeeping

The importance of gatekeepers to the CIs has been repeatedly documented. Indeed, they play a critical role in the success or failure of CI enterprises. The nature of gatekeeper in CIs is one that bears recognition in developing a CI incubation model because the behaviour and role they have within CIs varies greatly from high-tech

incubation. Whereas gatekeeping in high-tech start ups comes mostly in the shape of former business executives that have a prior business relationship to the management of a said incubator, CIs depend on two elements: that the opinion-makers select a product or design to endorse and that exposure or an avenue to influential opinion-makers is made available.

The ramifications of this, in terms of a hypothesized business incubation model, are manifold. The specific structures that should be adopted will be elaborated upon in the following sections.

Complex goods

From inception to finished product, CI enterprises often benefit from a variety of skill holders coming together to create the end product. Not only is it often requisite that various skill holders come together, but it is also this variety that serves to enhance the innovative and creative processes through collaboration and cross-pollination of ideas and methods.

Related to this is the notion that **Access to Resources** is critical in order to realize projects. The fact that many CI goods require myriad skills to realise means that an incubator should take into consideration the make up of its tenants so as to optimise the efficiency of and deliverability of production.

Hit & Miss Property

As the literature review notes, CI goods face inherent demand uncertainty. That said, the focus should, then, turn to limiting the role that the *'nobody knows'* property plays in business success.

When devising a proposed business incubator model for CIs, it is wise to sure up and polish the various other success factors, such as: access to funding, promotional opportunities, visibility and reputation, brand development, etc.

Vertically Differentiated Skills

This is relevant and specific to CIs because the bulk of the workforce is freelance-based and will remain in their position throughout their career. Whereas in the high-tech industry, persons often make vertical shifts as they gain expertise and experience, CI workers will be a designer or film editor, for example, throughout their professional life.

This is relevant to consider in a CI business incubator because of its organizational implications. Instead of a rigid hierarchy, the decision-making power is more flat and organic. This also takes into account **Organizational Structure** outlined in the literature review.

Cluster Phenomenon

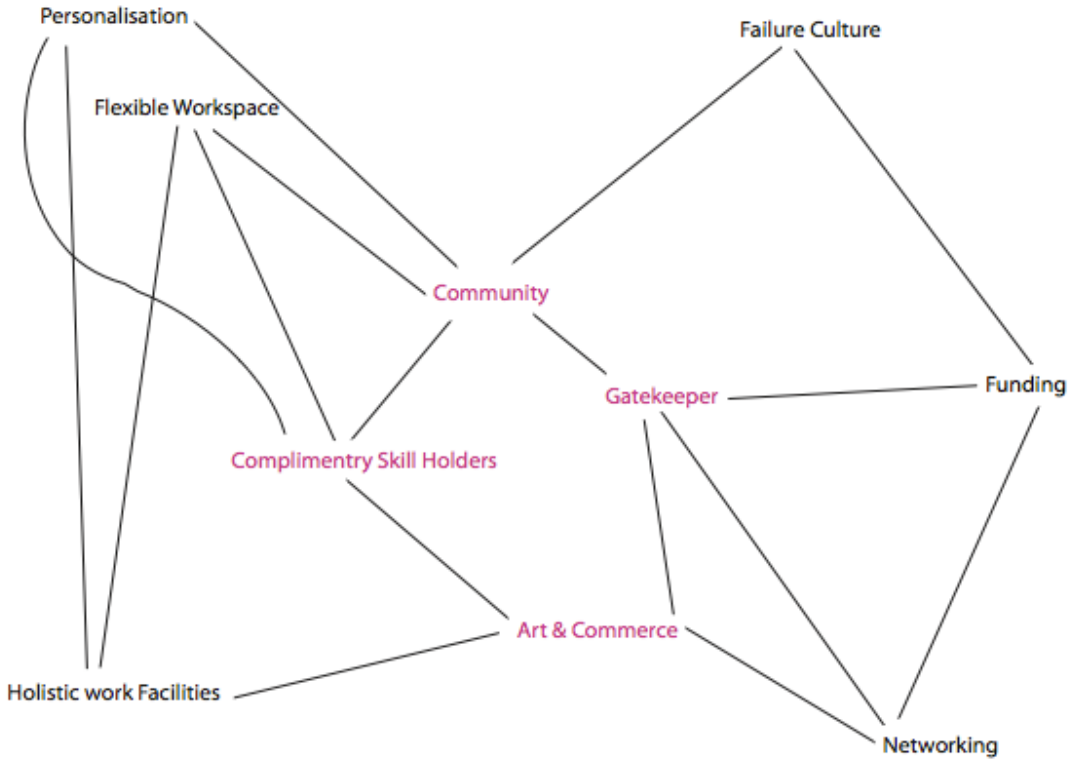
Geographic location and the propensity, over time, for creatives to conglomerate around the world are tremendously relevant to any potential CIs' business incubator to understand. Strategic placement of the incubator must be considered as part of an overall strategy. This occurs in other industries, but CIs are unique in this regard. The clustering occurs in urban centres and other gentrified urban spaces, where a culmination of cheap rent, proximity to a major city and a large proportion of young people gather, serves as a hotbed for the creative class.

Coding

Based on the characteristic traits of CIs we have structured a proposed model, with a host of components focusing around Physical attributes, Community & Network, and Resources and services offered and available to the incubator. We arrived at these key themes from a coding process that was derived from a literature review in which we identified key characteristics of CIs. We then compared these to characteristics of high tech derived from another round of literature review. Finally, we isolated those CI characteristics that were distinguishing and grouped them by any commonalities. This coding process resulted in Physical Attributes, Community & Networking, and Resources. As mentioned in the *methodology* (Myers, 2009) this process will help us

delaminate our findings in the analysis and better determine thematic trends within our empirical data.

With this model functioning as a framework, we will analyse our selected case studies. At this point we will be able to analyse the proposed model's characteristics against actual cultural business incubators and come to a deduction on the theorised field of cultural business incubator.



Case Studies

The investigation for a cultural business incubator yielded mixed results. Mirroring the contentious debate and lack of consensus around the definition of the cultural industries, the cultural industries incubators we came across also lacked a common identity. Again, NBIA's official definition of a business incubator:
"[b]usiness incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts" (http://nbia.org/resource_library/what_is/index.php).

Our experience has been that many organizations refer to themselves as incubators, but are in fact collective workspaces, education programs, information hubs (virtual and physical) or networking-centric organisations. Only a few fit the theorised definition referred that we have adopted above.

As with grounded theory methods, our case selection criteria evolved as we explored more and more potential incubators. Ultimately, we formed our selection around the following criterion:

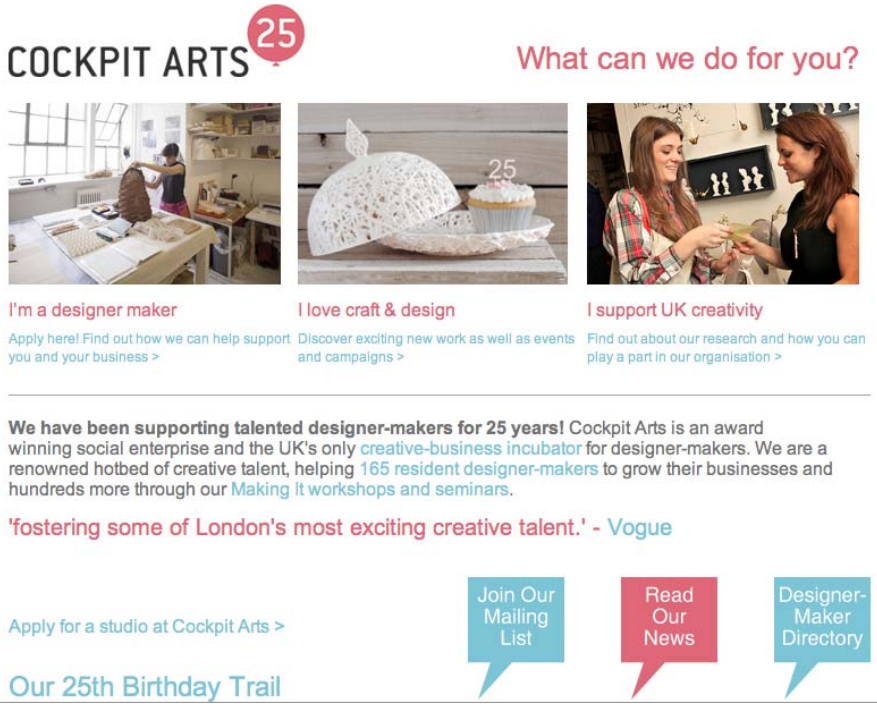
- **Access –** referring to the ability and likelihood of being able to gather the appropriate data needed to use the organisation as a case study. In some instances this refers to interviews, observations, access to previous research on the incubator and information on their website. The case studies we have researched have been spread across three continents and it has been important to be realistic and conscious of limitations of information gathered. We attempt to draw findings that do not accurately account for governmental and cultural differences and attitudes as they relate to entrepreneurship, public support and culture as a commodity.
- **Creatives and the production of texts/artistic works** – this is a hallmark of our research. We deem a focus on the people-aspect of creative professionals highly insightful in order to understand the practical application of our

research. This criterion also provides evidence for our concluding business plan.

- **Established-ness and longevity** – we prioritised case studies that have been established for a significant period of time, but as this field is so small and sparsely scattered around the world it is only a criterion that few case studies embodied and we were reconciled to the fact that younger incubators would have to be considered in our research.
- **Degree of professionalism**— this criterion was deciphered via the incubator's communicated professionalism through semiotic indicators on its website**.** From the home page of the case studies we have been able to analyse the visual communication presented on each incubator's website. This also acts as a safeguard in the selection process. Today, the appearance of the website holds the credibility of the organisation and communicates, firstly, its financial stability, and secondly, the contemporariness of the organization vis-à-vis whether it understands the importance of a well-presented port of call (see Gatti, 2011; Pollach, 2005; French et al., 1999). Because our research was global in scope, we used incubator websites and corresponding impressions as part of our selection criteria.

Again, because there was a paucity of examples that held up against our definition of a business incubator specifically dedicated to the CIs, we had to prioritise which criteria were the most decisive. This was a matter of looking at each case study with a critical eye, firstly, in regards to how the case study came into our awareness (word of mouth, general Internet search or from literature) and secondly, how it readily could be used in comparison to the other case studies during the subsequent analytical process. We are conscious of how our selection of case studies may or may not enhance or hinder the application of our findings to the world at large and have made appropriate considerations in the methodology section.

Cockpit Arts



Cockpit Arts boast that they are the only creative business incubator in the UK. Located in a former cockfighting yard, the first inception of what is now Cockpit Arts was established in 1986. Fulfilling the trend that artists and craftspeople gravitate to the grittier, inexpensive urban neighbourhoods, the establishment was initially an endeavour aimed at getting young unemployed persons off the job market and into an entrepreneurship situation, centred on craft enterprises. It wasn't until the 1990s that it was renamed from Cockpit Studios to Cockpit Arts and became a legal charity. In just over a decade the place formally adopted a business incubator model through which tenants have access to business development services, subsidized rent, promotional opportunities and access to the public through a monthly market, and hosts a gamut of professional development workshops for not only its tenants, but the creative community at-large (www.cockpitarts.com).

Cockpit Arts Timeline

1986 Camden Recycling creates small 'starter' units at Cockpit Yard for young unemployed people starting up a craft business.

1988 Taken over by Christopher Baggott, Cockpit expands into a community of 20 workshops under the banner of Cockpit Studios. One of the first to introduce 'Open Studios' events.

1993 Cockpit Arts is formally incorporated and becomes a registered charity

2000 The organisation expands into a hub of 100 designer-makers

2002 Vanessa Swann is appointed as Chief Executive

2002 The Deptford premises opened – accommodating a further 65 designer-makers

2004 A programme of professional development workshops introduced.

2005 A business incubator model is introduced.

2005 Sees the first of a series of high profile site-specific installations by Cockpit Arts designer-makers – these include The Great Eastern Hotel, The Shop at Bluebird and Canary Wharf Window Showcase.

2007 The professional development workshops are opened out to creative-businesses operating outside Cockpit Arts, reaching a further 300 designer makers each year.

2008 Research findings exploring business activity & performance in the craft sector are released.

2009 Cockpit Arts' Maker Difference campaign generates more than 12,000 supporters for designer-makers. Cockpit designer-makers report an average 158% increase in profit. Cockpit also launches a pilot Creative Careers programme.

2010 The Making It blog and workshops and seminars are launched. Cockpit Arts becomes a fully fledged Social Enterprise and Chief Executive Vanessa Swann is awarded the Arts & Business Garrett Award for outstanding achievement in the encouragement of business support for the arts.

Source: Cockpit Arts, 30/09-2011, http://bit.ly/r45o11

Typology

In its current incarnation, Cockpit Arts meets the criteria (definition?) of a business incubator from the US-based National Business Incubation Association. As its description denotes, Cockpit Arts and its model is tailored with the creative enterprise in mind.

Unlike traditional business incubators, Cockpit Arts maintains a social enterprise profile. It is registered as a charity and funnels profit back into the organisation. Similarly, all services are provided as a comprehensive package at below-commercial rates.

Services

Acceptance into the incubator includes the following:

- Direct sales opportunities through two Open Studios events per year
- PR & Sales
- Open Studios public selling events
- High-profile events and campaigns
- Exclusive studio tours with selling opportunities
- Online designer-maker directory and e-marketing

Business Development Services

- One-to-one business coaching sessions
- Facilitated peer-to-peer action learning
- Skills development workshops and seminars
- Cockpit Arts Business Growth Loan Scheme
- Access to our online networks and blog
- Individual webpage on Cockpit Arts' website
- Annual business and practice review
- Essential office facilities including computer room, library, equipment and central London meeting room
- Affordable Studio Space
- Managed studio
- Creative environment
- Office facilities and resource library
- Broadband access

- Wellbeing activities and social events

Additional Services – (charged separately)

- Access to Business Growth Loans
- Additional one-to-one coaching sessions
- Seminars and other professional development events
- Discounted room hire
- Photocopying, scanning and printing
- Storage space

Miscellaneous

Cockpit Arts has a variety of social and community endeavours that aim to heighten the awareness of creative industries as well as promote education and apprenticeship in arts and crafts as viable entrepreneurial undertakings.

Some of these activities include:

- Consultancy services through which Cockpit Arts managerial staff travel and provide lectures and workshops
- Creative Careers program that educates, mentors, and trains previously unemployed youth for 12 months.
- Public Awareness campaigns such as "Maker-Difference" (http://bit.ly/6vG032) that generates support for up-and-coming designer-makers.

Funding Schemes

Access to Business Growth Loans is an additional service.

Awards:

- *Cockpit Arts / The Clothworkers Foundation Awards 2012* for those whose craft involves the art of weaving.

- *The Cockpit Arts / NADFAS Award* supported by The National Association of Decorative & Fine Arts Societies (NADFAS) and supports a designer-maker practising a traditional craft requiring skills at risk of dying out.

- *The Cockpit Arts / Worshipful Company of Turners Award* is supported by the Worshipful Company of Turners and aims to help an aspiring or established turner i.e. someone who practices the art and craft of turning on a lathe in wood or other materials.

- *The Cockpit Arts Award* aims to provide the space and time for an established designer-maker to significantly grow their business, increase their profitability and develop their profile.

- *The Cockpit Arts Radcliffe Craft Award* is supported by the Radcliffe Trust and provides a further springboard to business success for Cockpit Arts Creative Careers participants.

- *The Bellhouse Foundation supports The Bellhouse Award*.

Tenant Selection & Graduation

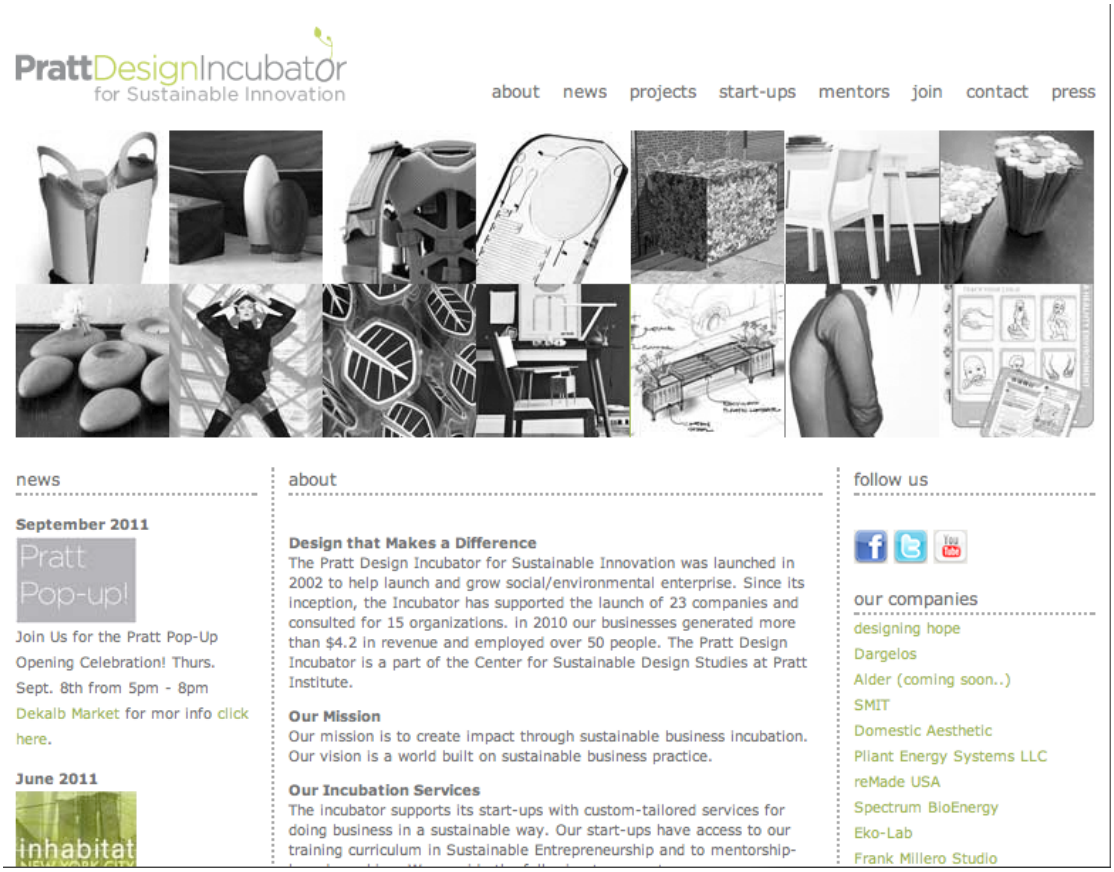
The selection process consists of a two-stage application and interview process.
Successful applicants fulfil the following criteria:

- "Craft skill and innovation; meaning we are looking for skill and innovation in the application of ideas and the use of materials, and quality in terms of the finished product.
- Commitment to business growth and creative development. Although we don't expect to see a detailed business plan at this stage, we would like you to outline your vision for how your business will develop over time and how you think we can help you achieve your commercial and artistic aims.
- Financial security. You will need to demonstrate your ability to finance your business and prove your ability to pay for your day-to-day working and trading activities, as well as for the rental and support services provided by Cockpit Arts.
- Thoughtfully respond to the question: why Cockpit Arts?"
  (Source: www.cockpitarts.com)

At present Cockpit Arts does not have a formal exit policy; however their incubator processes are designed to enable designer-makers to expand outside Cockpit Arts in due course. Incubator contracts are licence agreements rather than tenancy contracts.

The licence agreement may be terminated by either party, giving at least one month's notice in writing to the other to terminate the licence on the last day of the month.

Pratt Design Incubator



Established in 2002, Pratt Design incubator is a university-based creative business incubator. Small and newly established, the incubator is home to ten small start-up businesses with a sustainable design perspective—from renewable fashion to a design-oriented solar cell firm. This sustainable perspective is one of the major entry criterions, alongside being in a start-up phase and design-based company. The ten tenants have all gone through informal selection processes. Most of the current participants are graduated Pratt Institute students. The incubator is located in the Brooklyn borough of New York City in an old industrial landscape (Brooklyn Navy Yard), closely located to the eponymous university. The aesthetics of this area speak to the young creative demographic of Brooklyn and the Williamsburg area of New York City. The space is an open warehouse space with ample light and personalized workstations. It was deduced that the furniture was previously used (second hand) or belonged to the tenants—suggested by the mismatched chairs, and different tables and

sofas. It was observed that this incubator is highly motivated by the founder Debera Johnson, a member of the sustainable design faculty at the Pratt Institute. Most of the developmental opportunities are a direct result of the organisation's charismatic leader.

Typology

Pratt Design Incubator is a University-Based Incubator. This particular incubator adopts an informal and organic management style in regards to entry criteria, aside from requirements that tenants produce positive social impact and sustainable designs.

Services

Services are outsourced per the specific needs of the incubatees at any given point in time. When specific information regarding such topics as accounting, marketing, branding and other business functions is needed, an external resource (usually in the form of a guest lecturer) is brought in. The incubator operates a consultancy firm that offers business advice to the incubatees and helps them with networking opportunities and business development.

This ad hoc service delivery method seems in line with or as a result of the youthful nature of the internal work culture. Tenants are younger than 30 years of age and it was observed that tenants were loud and conversational workers. They share equipment and have a positive relationship with their co-incubatees and there seemed to be a good mix of personalities that worked on a social level.

Funding Schemes

As the incubator is still rather new and developing, its ties to a structured funding scheme are not solidified. Pratt Design Incubator is a not-for-profit organisation that relies on its affiliation with Pratt Institute, affordable office space and networking opportunities as its major services, thus far. Paradoxically, the sustainability of this service model may be improbable and warrant future development and attention.

Most of the organisation's funding is based on grants that are applied for in-house. Recently, an internal consulting firm had been established to help provide some additional financial stability to the organisation, serving both external clients and incubatees for an additional cost. Lastly, the incubator shares its warehouse space

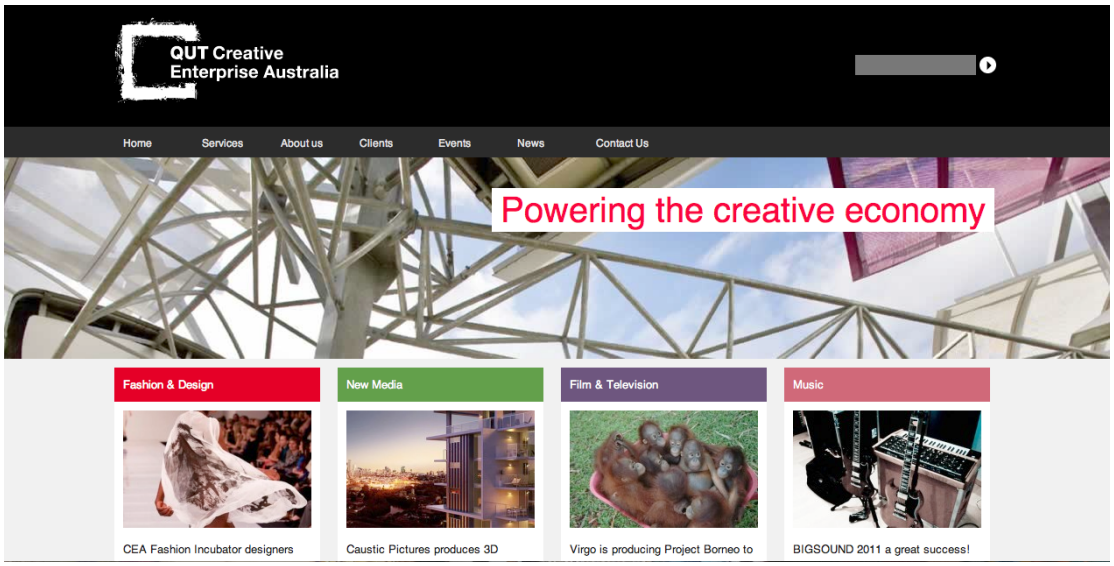
with five other creative businesses whose rental payments help subsidise the rent for the incubatees and also offer another dimension to the work environment.

Tenant Selection & Graduation

Most of the tenants have been students who have studied in the Sustainable Design Faculty at Pratt Institute.

The major success metrics for Pratt Design incubator gravitate around graduating a stable business out of the incubator environment. As the incubator has an organic culture, this point is not accurately defined. The incubation period is highly flexible. No set amount of time is allocated to each business to achieve a certain stage of business development. This is an interesting perspective and may prove problematic or a core value for the organisation in the future year to come. Only time will tell.

Creative Enterprise Australia



Located in Brisbane, Australia the QUT Creative Enterprise Australia (CEA) incubator strives to be Australia's pre-eminent business development agency for start-up creative businesses and serves its tenants by providing creative business solutions, and creative workspaces.

It was established in 2001 in response to collaborative efforts to strengthen and promote creative enterprises. Since opening its doors it has helped more than 150 start-ups and has attracted in excess $10 million in funding (http://bit.ly/r1H6I4).

Typology

CEA is a university-based business incubator that is supported financially by the state government of Queensland. It has as direct relationship with the University's Creative Industries Faculty in the form of supplementary research and consulting.

Services

- Business development support and training
- Access to leading technology
- Contemporary and flexible Office spaces
- Targeted networking opportunities with potential employees, suppliers, business partners, investors and mentors
- Contact with QUT research faculty

Flagship initiatives include:

- The *CEA Fashion Incubator* offers fashion labels a collaborative studio space, provides essential business skills and supports fashion entrepreneurs to expedite their growth within the national and international stage.
- With *Creative3 Forum* delegates at the two-day conference take part in workshops that address current issues facing the creative industries and showcases emerging growth and market opportunities, investment models, research and technologies. Speakers and facilitators include global talent, industry practitioners from different creative fields, and creative enterprise leaders.

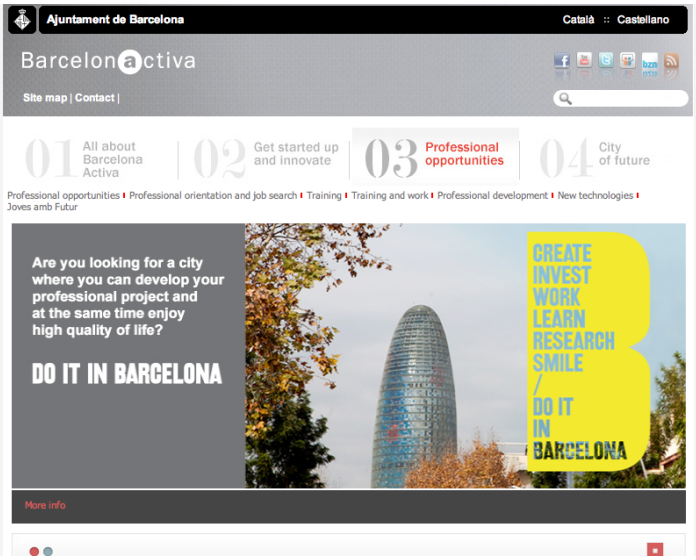
Funding Schemes

"Creative3 Investment Marketplace provides new and emerging creative businesses across Australia the opportunity to pitch their ideas to a panel of business experts and for the chance to win a creative business prize valued at $100,000," (Creative Enterprise Australia website, 10/2011).

Tenant Selection & Graduation Processes

No information available.

BarcelonActiva



Established in Barcelona in 1986, in the gentrified textiles industrial area of the city's northeast, it was created as a response to the 21 per cent unemployment and economic hardship that Spain was suffering (XX). The incubator offers services to a wide range of industries, including import/export, CIs, IT and high tech, for Spanish and international business communities. During its twenty-five years of operation, BarcelonActiva has earned a place as a case study for this thesis because it is the longest-running incubator in Europe that incorporates incubation of CIs start-ups.

Typology

BarcelonActiva operates as a public business incubator (Colombo and Delmastro, 2002) commissioned under the "Ajuntament de Barcelona", a municipal body promoting economic stability for the region (Hilpert, 1991).

Services

BarcelonActiva's management style is conservative in nature. Consultants are available to offer advice and services, but have a laissez faire or survival-of-the-fittest approach, as opposed to a strong intervention management style.

Facilities:

- **7@ BarcelonActiva** - The first 7@ facility of the city where you can find the headquarters of BarcelonActiva.

- **The Glories Entrepreneurship Centre** - The home of the entrepreneurs with the Resource Centres for Entrepreneurs and the Business Incubator.
- **The Barcelona Nord Technology Park** - 10,000 m2 for added value economic activities in the north of the city.
- **Porta22, New Jobs Space** - A metropolitan reference centre about new occupations and economic sectors in transformation.
- **Can Jaumandreu** - A space for the improvement of employment accommodating the Workshop Schools and Trade Skills Houses.
- **Convent de Sant Agustí** - Spaces and programmes for access, inclusion, and improvement of employment.
- **Ca n'Andalet** - The centre for training and skills improvement.
- **Cibernàrium** - The multi-purpose space for the world of Internet for companies, professionals and students

Services offered:

- Access to Micro loan
- Help with developing your business plan
- Free office space
- Access to lower than market value rent
- Networking opportunities
- Access to investors
- Courses and education programs

The vastness of BarcelonActiva's facilities is a testament to its longevity, proven track record and the level of investment from government and corporate bodies over its 25 years of practice.

Funding Schemes

The incubator is partially government funded and also relies on corporate sponsorships and private donations. The list of corporate sponsors can be found on the wall at the entrance of the building, reinforcing the significance of their donations.

Unlike our other case studies, incubatees and pre-incubatees at BarcelonActiva do not pay for the services that they receive, nor do they pay for space, access to the library or network.

Tenant Selection & Graduation

The incubator has an 'off the street' policy when it comes to their selection process. This means that any person with a business idea can go through the process of establishing their business and running it from BarcelonActiva. In terms of the office space at the Glories Entrepreneurship Centre, there is a waiting list as these spaces are highly sought after. The incubation period of the Glories Entrepreneurship Centre incubator is three years, after which tenants must graduate. However, BarcelonActiva has realised that this incubation timeframe is not adequate for every start up and they initiated a low-cost graduates' office space.

Because of its longevity, BarcelonActiva is an especially enlightening case. They have used their experience and acquired knowledge to readjust their service-offering, and facilities and management styles to best fit markets needs. This case study may not be wholly dedicated to CIs, but nonetheless offers our research a point of reference as a successfully operating business incubator that has withstood the test of time.

Creative HQ

Established in 2003, Creative HQ was initiated based on the proposition it could encourage sectors that provide Wellington, New Zealand, with competitive advantage—the creative and innovation-led businesses. This incubator claims to be

the only business incubator for creatives in New Zealand (however, quick Internet searches render this claim questionable). As with the term creative industries versus cultural industries, Creative HQ is a creative incubator in the broad sense of the term.

To Creative HQ, creativity refers strictly to science- and technology-based industries. What did spark interest in Creative HQ were there equity model, online presence, and networking initiatives. Twenty-one companies are tenanting the incubator at present.

According to the website, their stipulated goals are:

- To be the driving force behind New Zealand's future business legends.
- To incubate innovative and sophisticated Wellington enterprises that will add impetus to a sustainable prosperous New Zealand economy.

Typology

Creative HQ is a private business incubator (PBI). However, it does generate operational funds from the public sector.

Services

Due to both its selection process and equity-share structure, the management style is significantly gauged towards performance, and there is an emphasis placed on the monetary value of incubating each venture. This is reinforced by the home page of Creative HQ, which shows real-time statistics of its aggregate performance, as well as the performance of graduated alumni and its current incubatees. Success metrics are based on traditional business and economic indicators previously discussed in the literature review.

Creative HQ aims at offering their incubators:

Benefits:

- Opportunity to validate the idea in a market setting
- Develop strategies to drive growth and success
- Identify and plan the next key milestones for your business
- Preparation for and help for investment scouting
- Establish an appropriate governance structure
- Structure and resource the business for scale

- Business growth into international markets
- Review of performance against the business plan to help keep the business on track
- Help shape business for a successful exit

Services:

- Week long introductory pre-incubation program
- Dedicated business strategist, with weekly meetings
- Access to Network and partners
- Access to resources and equipment
- Action plan and panel review after the first month
- Quarterly progress reviews
- Workshops and keynote speakers

Source: www.creativehq.co.nz

Funding Schemes

The organization financially supports itself by taking a share of ventures in return for services, at a five per cent equity stake. This characteristic has a significant effect on the organisational culture, entry criteria, and drivers for success. Due to such their equity stake in each start up, Creative HQ's selection process is gauged so that the return on investment is stable. The incubator also receives supplementary funding from government agencies such as the New Zealand Trade and Enterprise (NZTE) and Grow Wellington. These National and regional government bodies lobby in favour of industry and enterprise initiatives.

Tenant Selection & Graduation

"Creative HQ is looking for stellar business opportunities with global potential, businesses that have the potential to grow to $10m+ within five years" (http://www.creativehq.co.nz/got-an-idea/is-incubation-right-for-you). Its vetting process is not specified through its website or available documents. That said, it is known that the incubation period of each venture is one to two years and that acceptance is tied strongly to the start up's revenue and growth potential.

Republikken

Officially a collective workspace for creatives, Republikken (Danish for "The Republic") is a multi-level office space that houses creative freelancers and entrepreneurs. It was founded in August 2005 and houses 70 self-employed entrepreneurs and freelancers within three major disciplines: architecture/production; culture/consulting/communications; and visual communications/programming. In February 2011, Republikken launched its Inkubator program as a pilot project.

Typology

As mentioned above, Republikken is not an official incubator. During the course of our research they piloted an 'incubation' workshop for recent design and art school graduates, however this incubation workshop does not fulfil the NBIA definition we use in this paper. Instead, it more closely resembled a three-month crash course in entrepreneurship and business administration.

Services

Republikken highlights four areas of focus that are not precisely services, but more benefits to housing one's business with them:

- **Physical environment**: "Republikken has offices, studio spaces, meeting rooms, a games room and workshop space, where there is access to the resources that are needed to succeed in modern working life" (www.republikken.net, translated by Google translate, 01/10-2011).

- **Collaboration**: "Republikken is a creative powerhouse where sparring and learning across academic, culture and nationality occurs. We support working collaboratively and working independently, and you can and will be included in new interdisciplinary projects and relationships. Our network is not limited to the physical setting in Copenhagen, but also embraces other communities, freelancers, entrepreneurs, businesses and institutions" (www.republikken.net, translated by Google translate, 01/10-2011)."
- **Professionalism**: "Residents are selected based on their professionalism. Our desire is to create an optimal composition in which individual disciplines can complement each other and thus create a network of academic diversity. Inhabitants with different skills come together to form a whole that includes a wide range of skills and competencies that draw from such disciplines as: architecture, film/TV, photography, graphics, idea and concept development, industrial design, crafts, experience design, process and project management, consulting, text construction, web design and economics" (www.republikken.net, translated by Google translate, 01/10-2011)."
- **Socializing**: "Social relationships can create professional relationships--starting from a relaxed and inspiring environment from which the best and most innovative solutions and projects can emerge. We hold professional luncheons, parties, Friday bars and other events, so people also meet each other in contexts other than work" (www.republikken.net, translated by Google translate, 01/10-2011).

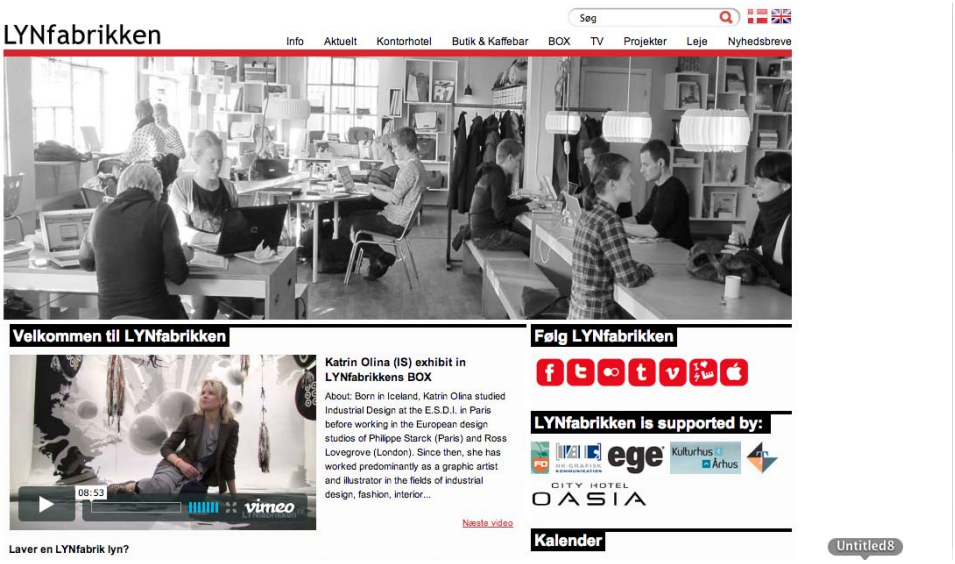
Funding Schemes

There are no managed funding schemes.

Tenant Selection and Graduation Processes

There is written application and interview process with no structure for graduation from tenancy.

Lynfabrikken



Not an incubator, but rather a collective workspace for creatives, Lynfabrikken (which is Danish for 'Lightning Factory') was established in 2005 by three CIs freelancers who felt that facilitating collaboration among creative skill-holders was a need in the city of Aarhus, Denmark. A two-pronged idea that was hatched: design an office space in which creative entrepreneurs could house their own businesses, but also facilitate working together. Forgoing the traditional business planning and formal documentation is part of their mantra and appeal.

"*Lynfabrikken does not operate with business plans, but with people. There is no single way to be successful as a business, but a variety of ways. Lynfabrikken does not focus on the product, but on the motivation, the process and how good ideas come about and new collaborations develop.*"

Source: Lynfabrikken, 01/10-2011, http://bit.ly/o2Zxxx

Typology

As previously mentioned, Lynfabrikken is not an incubator. It is a shared office space that organically facilitates the collaboration and cross-pollination of ideas commonly found and often necessary in CIs. It operates a gallery and also a café-cum-shop through which its tenants' goods are promoted.

Services

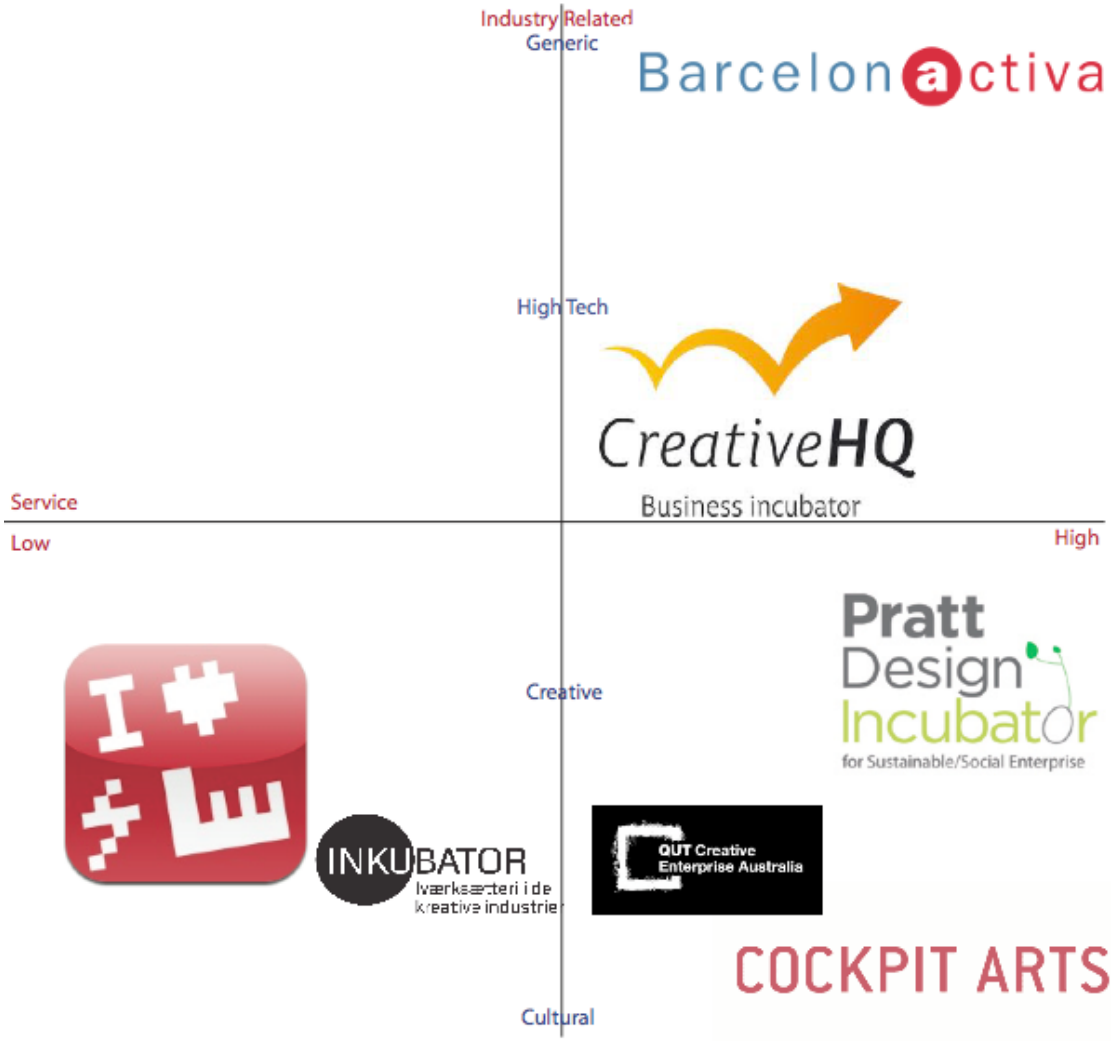
Included in the 3,000 DKR monthly fee is access to the office space, or OfficeHotel, a desk, building insurance, Internet, kitchen privileges, copy machine access, telephone landline, use of meeting rooms, 50 per cent discount in the cafe, selling opportunities in the shop and a web profile. However, no business support services are offered.

Funding schemes

No special funding opportunities are offered to tenants aside from the selling opportunities in the café-cum-shop and gallery.

Tenant Selection & Graduation Processes

Lasse Schuleit, co-founder and co-owner, noted that the singular, explicit entrance criterion is that the applicant works in the CIs. In practice, this has been from graphic designers to architects and creative leadership experts. He further qualified this in that he and his partner, Jeppe Vedel, base much of their acceptance on the 'vibe' they feel from the applicant, as well as being aware of trying to diversify the tenants in terms of skills and experience (Schuleit, 03/05-2011).


Industry Related
Generic
Barcelonactiva
High Tech
CreativeHQ
Business incubator
Service
Low
High
Pratt
Design
Incubator
for Sustainable/Social Enterprise
Creative
INKUBATOR
Iværksætteri i de kreative industrier
QUT Creative Enterprise Australia
COCKPIT ARTS
Cultural

The Matrix

The table bellow displays our findings and is the tool that we used to analyse the data gathered from our case studies. It is the visual representation of the merging of the literature foundation and case studies. On the Horizontal aspect are our case studies, ordered so that the closest to the left are the most closely matched to our proposed cultural business incubator model. These are some of the more interesting analytical points. On the vertical axis are the characteristics based on the CI literature.

The Green boxes indicate where the cases correspond to our hypothesis and the red boxes are where they don't. (See table below.)

	Cockpit Arts	Pratt Design Incubator	CEA	Barcelona Activa	Creative HQ	Republikken	LYNFabriken
Community	✓	✓	✓	✓	✓	✓	✓
Networking	✓	✗	✓	✓	✓	✓	✓
Flexible space	✓	✓	✓	✗	✗	✓	✓
Holistic work environment	✗	✗	✗	✗	✗	✗	✗
Complementary industries	✓	✓	✗	✗	✗	✓	✓
Personalization	✓	✓	✓	✗	✗	✓	✓
Incubator acting as a Gatekeeper	✓	✗	✓	✓	✗	✗	✗
Positive Failure culture	✓	✓	✓	✓	✗	✗	✓
Special access to Funding	✓	✓	✓	✓	✓	✗	✗
Bridging the gap between art & commerce	✓	✓	✓	✗	✗	✓	✓

Analysis

Based on our empirical data we have found the following findings, which we have categorised into the three main fields associated with our proposed model (A, B, and C). As mentioned in our methodology we will use our findings as a basis for our deeper analysis, where the core empirical reductions will be made.

This section entitled findings is a commentary on the above table (the matrix), and serves as a progression to the deeper analysis section, which synthesises our research process and cognitive response to the data. This section will lead directly to the deeper analysis, where the themes presented in the findings will be scrutinised.

A. Community

These practical characteristics are derived from the CIs literature review and cross-referenced to remove the similarities that are found in high-tech industries. Most notably, this section represents the literature concepts of the Bohemian lifestyle of creatives, Ad Hoc Organizational Structures that are project-driven, the overarching pursuit of Art for Art's Sake, and the role socializing plays in creatives' professional lives. Through a coding process previously explicated we uncovered this theme around the notion of 'Networking-Related' activities.

Community

Four out of five incubator cases, as well as the two non-incubator collective workspaces, document the importance of creating a sense of community within the incubator. The implication of this is that it is essential for creatives to be amongst one another and to be supported in their pursuits. Creating a community for a CIs incubator shall be organic and loose in nature, as supported by theory suggesting that a 'dense network of weak ties' (Currid, 2010) is what characterizes the artist's way of formulating collaborations. Tenants and administrators in a CIs incubator, unlike high-tech incubation, which is characterized by prescribed and exclusive access to persons of value (e.g. Venture capitalists, industry veterans) should be open to sharing and fostering the communication amongst the participants and the community outside the incubator.

Likewise, taking into account that the two CIs collective workspaces also note the significance of a sense of community, this theme speaks to the underlying entrepreneurial need to align and identify with others facing similar circumstances. This is also a matter of being able to share experiences and learn from one another's knowledge in a practical environment that is suited to open communication.

Bolstering this theme, all case studies communicate the benefit of being part of a community that the space offers. In an interview with Diane Ruengsorn (2011), she cites the incubators tenants are "…*close and are social*" and that the day-to-day benefits were reaped from the community environment. In fact it was witnessed, first hand, the type of helpful and supportive coming together of tenants. Merely sharing a stapler or other mundane office supply becomes an act of solidarity and community. Building on this, two case study interviews (Lasse Schuleit at Lynfabrikken and Diane Ruengsorn at Pratt Design Incubator) discuss that having a good 'vibe' in the space and shared values are critical to success. Having underlying shared values creates a common ground from which the tenants can relate and find common identity.

Complimentary skill-holders

Based on both case studies and literature, we find that an effort is made and value is derived from having a varied professional workforce in the space. This owes to the fact CI products often require input from various skill-holders and the cross-fertilization of ideas boosts the creative and artistic processes.

Indeed five out of seven case studies accommodate mixed professions. Lynfabrikken, although not an incubator, nonetheless makes a concerted effort to vary the skill-holders and their professional enterprises, as well as mix entrepreneurial veterans and newbies, in order to heighten and facilitate knowledge sharing and improve the creative process for its tenants (Schuleit, Interview 2011). At Cockpit Arts and Pratt, CI-specific incubators, it was mentioned in documentation that diverse skill holders complement one another-- often collaborating on projects and introducing new ideas

or methods that translate from one industry to another (Ruengsorn, 2011; Cockpit Arts Annual Report 2009).

Because our communication was not reciprocated and not enough information was made available via the website, it cannot be confirmed whether BarcelonActiva, which is a system-house of entrepreneurial resources that includes an incubator, fosters a mix of skill-holders and industries within the incubator. However, during a general tour of the facilities, it was witnessed that a variety of skill-holders were present in the incubator, further confirming the relevance of this to them for a CIs incubator model.

Networking Events

Based on a coming together of research and case data, we deem it integral that a possible CIs business incubator fosters social and professional networking events. These take the shape of both ad hoc socializing and structured professional events. Four out of five incubator cases cite the importance of, and actively facilitate, networking through events. Aptly phrased the 'Economics of a Dancefloor' by Currid (2007), the networking style of CIs is uniquely social in nature. Naturally, networking while socializing can be found in any industry, however the reliance creatives have on socialising for their professional development remains pronounced (ibid, 2007).

The majority of socialising events at our cases come in the form of parties or day-to-day opportunities to connect. Cockpit Arts boast various social events throughout the year as part of its service offering to tenants. Its “Open Studio” market days are like public fairs, informalising the designer-consumer relationship and bringing the sales experience back to ground level. As well, they participate in design festivals and host parties (Cockpit Arts, 2011). As a “Friend” of Cockpit Arts, external persons can, via a membership to the social enterprise, attend special mixing events and internal lectures (Cockpit Arts website, 2011). In a more structured way and less social in nature, CEA hosts annual conferences and workshops that bring together global CI talent to strengthen learning, knowledge sharing and cross-fertilization of ideas (see Creative 3+ website). In line with their University-Based-Incubator (UBI) typology, CEA benefits from crossing the professional and academic boundaries with

collaboration arranged as part of their service offering. Even Creative HQ, a more traditional incubator, touts its myriad networking events (Creative HQ, 2011). In addition to the traditional type of incubator networking events: conferences, speakers-sessions, seminars and workshops, they accommodate the business-related value that comes with social events by hosting parties.

Indeed only one of our seven case studies does not host networking events. According to Diane Ruengsorn at Pratt, the other case that does not offer specific networking events, Pratt has not set up a formal networking event. Perhaps it is because it is so new or that they don't recognize the importance of fostering tenants and the public socialising as added value to business success. From our observations and the interview conducted (Ruengsorn, 2011), we see that Pratt Design incubator is a highly social incubator but the formalisation of networking events have not been established, possibly due to the highly organic nature of the management style of the incubator. The incubator does not organise or offer a set of networking services to the incubatees, but we deduce that this is a result of their ad hoc organizational structure.

When keeping in mind a hypothetical CI incubator, as the case study data denotes, networking events can take shape in myriad ways. Lynfabrikken and Republikken, the non-incubator cases, host lectures that are open to the public (Schuleit, 2011; Roenne, 2011). Republikken caters lunch throughout the workweek for its tenants, participants can pay a nominal fee to eat and there is a collective lunchroom in which tenants gather across disciplines and industries. In addition, the collective workspace has areas that have games to encourage tenants to take breaks and play together, as well as hosting multiple exhibitions and after-hours parties open to the public throughout the year.

Positive Failure Culture

A working culture that celebrates failure is largely a social phenomenon, but it is also one that is rooted in other, more practical things, such as access to affordable capital and managerial styles. This finding is positioned in this section, 'Community', because of this and will be touched upon again in our Deeper Analysis section.

For now, it serves to elucidate an overview of our case studies and how they relate to this theme. Pratt was the first, and in fact, only incubator that noticed something around this phenomenon. However, in line with grounded theory, we then used this new information to formulate a new perspective for looking at our cases. Cockpit Arts creates a comprehensive set of low-cost services - from studio space that is offered significantly below market price to their Business Growth Loan scheme that has proven to accelerate growth. In this way, the incubator communicates that it is a safe place to take the proverbial start-up 'plunge' and, indeed, is encouraged to do so (Cockpit Arts, 2009).

BarcelonActiva carried out lobbying of the government in order to be able to offer those incubator tenants with an approved business plan special micro loans at very low interest rates. This offer is only for BarcelonActiva approved business plans.

From Caves (2000) we learned that, in CIs, there is a '*nobody knows'* factor to predicting the success or failure of creative goods. Dovetailing this, Diane Ruengsorn at Pratt recognized the importance of having a culture within the incubator that is "positive about failing" (Interview, 2011). Establishing a risk taking culture in which taking creative risks are not only encouraged but are respected, regardless of the outcome (regardless of what *nobody knows*), is unique to CIs. Whereas in high-tech it is considered both part of the allure of starting up a company and the prestige attached to a successful endeavour. However, the saying "you are judged by your successes not by your failures" rings true for high-tech industries. In CIs, on the other hand, one is commended and respected for the actual risk that is taken, regardless of the outcome. Avant-garde movements in the fine arts, is evidence of for example.

We arrived at the notion of positive failure culture being a point to investigate because it was mentioned by our interview with Diane Ruengsorn of Pratt Design Incubator. However, Ruengsorn was at a loss when we probed deeper into the idea; she was not able to provide a concrete understanding of how a culture that is celebratory of failure is created, nor explain in quantifiable terms, or how it impacts ultimate success (Interview, 2011). Creative HQ is equity based therefore succeeding is paramount. This case is most similar to high tech industries insofar as it is the financial impact of a success that drives the participants (Lorentzen, 2009); a failure is

seen to be the ultimate mark of one's talent. In CIs a failure can merely be the indication of something ahead of its time.

B. Physical

The Physical component of our model refers to the physical characteristics and incubators physical facilities, comprised of: flexible space, access to holistic work environment, and the ability to personalize the workspace.

Flexible workspace

The characteristic of flexible workspace pertains to the contracting and expanding nature of CIs. It is assumed that there is a need for flexible work environment, as creative work can be so varying and unpredictable in nature (Caves, 2000).

As mentioned in the CI literature review, cultural production is a *complex good* (Caves, 2000) and requires a high degree of flexibility. It was found through out our case studies that the use of flexible workspaces was a prevalent characteristic for the more cultural incubators. As the incubator's focus is more on artistic and creative production, the more varied needs and more varied facilities are needed and vice versa. Flexible workspace solutions were available for: CockpitArts, Pratt Design Incubator, CEA, and Republikken. And not found in BarcelonActiva, Creative HQ and Lynfabrikken.

In CockpitArts it was found that a broad range of facilities were available, catering for a broad range of creative professionals. The facilities needed for a metalwork artist such as Francisca Prieto or Will Odell (CockpitArts, 2011) would be starkly different from, say, the needs of jewellery designer Kate Wood, in terms of space, equipment, and logistics. This need for flexible space is especially significant when the artist/ craftsperson collaborates with another: the specific requirements of their workshop space changes. This could be managed by having an organic organisational structure and culture, such as Pratt Design Incubator. In this example, Pratt is new and has a particularly reactive approach to dealing with issues and challenges, as they arise. It was observed that offices were simply created by arranging 3 tables, within the large warehouse space. Since most of the tenant's production was done offsite, this was a

well-serving solution, as the space was quieter and less cluttered by machinery. As the companies grow, more workstations can be arranged into the tenants 'open office space'. This arrangement suits the nature of the work done in these businesses, including fashion, consulting, and designs.

In contrast to these highly flexible work environments, we have come across other examples of more rigid and standardized approach to the physical offerings for their incubatees.

At BarcelonActiva, the office spaces observed were all roughly the same size, where three of four workstations/desks could fit. Some smaller companies shared the same office space, and this indicated an inflexibility of the facility, as it involved moving offices each time any company expanded or contracted. Similarly this also occurred with Creative HQ, where it was observed that the workstations were organised in a comparable manner save from separating walls.

As seen in our case studies, an emerging trend is prevalent: where creative organizations have been catered for in alignment with their propensity to expand and contract capacity, type of production and function (Hesmondhalgh, 2007). We have deduced this to be a conscious decision made by management, in order to manage the creative process, as the literature suggests (Lorentzen, 2009).

Personalization

Artist identity and creative expression has been at the core of the creative process. The self-expression is no means confined to one genre or one creation per moment in time. It is this need for expression and the omnipresent nature of creativity that an open and non-restrictive working environment will support creative processes (Caves, 2000). This theoretically grounded fact has led us to this characteristic of a personable workspace.

Our findings show, once again, the more creative focused incubators have demonstrated this characteristic of a personalized workspace as an integral part of

their incubator model. BarcelonActiva and Creative HQ do not correspond to our assumed strategy of personalisation and yet, CockpitArts, Pratt Design Incubator, CEA as well as Lynfabrikken and Republikken, did this in a significant way. We observed that the personalisation was an integral part of the work culture. The creative workers would feel ownership over the space and uniquely identify themselves in the space. For example we could see the importance of space when we observed the offices of Pratt Design Incubator and Republikken.

At Republikken, images of the artists' expression are splashed over the wall in an evident way. But this can also be seen in more subtle ways, such as office design, equipment and the overall aesthetics of the space. Republikken's segregated spaces have different aesthetics. In the graphics room, large designs are drawn directly on the wall, as an example of the permanence of the pieces. This is not a fleeting initiative but an integrated component of Republikken's organisational culture. Furthermore, Republikken has written into its residence contract that 3 hours per month must be spent on self-made initiatives within Republikken. As a result, we see small, uniquely added, and highly personalized spaces: there is an alcove close to the main entrance, where it has been converted into a reading or open meeting space, and cushions and blankets are for use and the walls have tiny details of the creator's style and expression.

This can similarly be seen in KEPS where the physical creators work and house the laser cutter and other machinery. Here the personalisation follows the functional nature of the workspace. The personalisation can be seen in the built mezzanine loft and a separating wall from the office space and the machinery.

From these examples we can see a trend emerging. Personalisation is a part of the creative process, and it is manifested according to what type of creativity held by the tenant.

Holistic work environment

Based on our understanding of CIs, it has been assumed that an all-inclusive environment should be offered for creatives. Due to the ad-hoc nature of creative inspiration, the industry, and the bohemian lifestyles a typical 9 to 5 workspace may not benefit this industry as it does others (Eikhof & Haunschild, 2006). This characteristic attempts to apply the theory surrounding the notion of the bohemian lifestyle, ad-hoc nature of the creative process, and to integrate the notion that cultural industries are a highly malleable and resilient sector.

We specify in our proposed model that a holistic work environment should be used. It will provide unique needs for the creative such as a home away from home, by providing: 24-hour access, well equipped kitchens, space to sleep, bathrooms and leisure/ relaxing area. The space is not intended to be a home but more of a studio, where there is access to the essentials. It is not uncommon for creatives to spend long hours in design and production phases. It is, similarly, not uncommon for incubatees to have supplemental work making it difficult or impossible to carry out creative work during normal working hours. From literature it is deduced that a holistic workspace would be beneficial to the creative process.

Interestingly we did not find that any of our case studies practiced this function. Some demonstrated some qualities such as a place to relax and a leisure area at Republikken; most had a limited kitchenette; and some had 24-hour access such as CockpitArts.

Firstly, resources to create these facilities would require investment from the incubator, the cost of physical equipment and the cost of lost space, where more incubatees could be. In essence it could be a matter of efficiency and cash flow.

Secondly, a possible explanation behind this discrepancy could be a sheer lack of a need. This hypothesis is based on theory and may simply not be a practical reality. Our data collected strongly indicates that this strategy is not utilised by our cases studies, though we do not know for what reason precisely.

We have also found that the some incubators positioned themselves in similar areas that can be characterised as urban gentrified. There has been a long tradition of CIs

locating themselves in cities and in the cheap and lively parts of the city. This resembles the bohemian life in Paris in the turn of the century, where artists forsook a life of money to pursue the dream and lifestyle of an artist.

BarcelonActiva, Pratt Design Incubator, CockpitArts are located in industrial areas that have been slowly occupied by more and more of the 'creative class' (Florida, 2002). The other creative incubator case studies have been located in city centres that have been usually (during the time of set up) inexpensive to rent out, and have had a youthful creative culture surrounding it. For example Republikken has established itself in Vesterbro, a neighbourhood of Copenhagen where 10 years ago the rent was inexpensive and many creative professionals and cultural initiatives set up shop. Today as this area of the city is highly sought, considered 'trendy' and rent is significantly higher. Fortunately for many of the tenants, Danish law protects leases and the area has not driven out the original occupants.

From our findings from Flexible workspace, personalisation and a holist work environment we see a particular trend emerging. It is evident from our research that there is a link between artistic output and physical surroundings, in particular flexible work spaces and the importance of personalising the creative work space.

In respect to the holistic work environment, there is an interesting occurrence and will require further research to determine the causality of this occurrence in detail. As mentioned above we can only speculate the reasons for this result.

C. Resources

Managerial Camps

As the literature review highlights, it is widely researched and established that creatives are staunchly anti-economic. The exception to this rule, naturally, does exist. However, the overall profile of the artist-type is most often driven by intrinsic motivational factors and not economic (see Eikhof & Haunschild, 2007; Lampel et al., 2006). Furthermore, many creatives are autodidact (self-taught), performing artistic work for which they have no formal education or training (Bille, 2008). In this way most creatives are similarly not formally versed in business acumen. It was precisely

this situation that sparked our interest, as researchers, to explore the incubation model in the context of CIs.

Looking at the roster of administrative staff offers an angle from which we can analyze the managerial profile of each case study:

Case Study	Cultural Industries	Traditional Business & Entrepreneurship
Cockpit Arts	Vanessa Swann, Chief Executive Ellen O'Hara, Head of Bus. Development Abigail Branagan, Bus. Development Mgr. Emma Thatcher, Professional Development Adrian Lee, Studio Manager Josie Ballin, PR & Marketing Manager Sally Dodson, Development Manager	Beckie Kingman, Studio Manager
Pratt Design Incubator	Diane Ruensorn, Dr. Internal Consultancy Debera Johnson, Founder & Exec. Director Carolyn Schaeberie, Assistant Director Nina Zilka, Office Manager	
Creative Enterprise Australia (CEA)	Anna Rooke, CEO Joanne Kenny, Film & TV Industry Adviser Cynthia Macnee, Client Services & Operations Manager Paul Bow, Fashion Incubator	Nicole Kielly-Coleman, CIs Transition Industry Liaison Officer Cara Threlfall, Administration Officer

	Business Development Manager Jaimie Langton, Fashion Incubator Production Coordinator	
BarcelonActiva	Lené Tourn, Professor Oscar Chamat, Architecture & Planning Magali Benitez, Professor Cibernarium Mireia P., Education Manager	Ariana Fernández Gasull, In City PR Marc Sans Guañabens, Government Relations
Creative HQ	Noel Brown, Business Strategist Nick Churchouse, Venture Manager Alan Hucks, Business Strategist	Dave Allison, Business Strategist Michael Elwood-Smith, Business Strategist Alan Groves, Commercialisation Manager Rebecca Hill, Operations Manager Murray Macrae. Business Strategist Steve O'Connor, CEO Tui Te Hau, Programme Manager
Republikken	Louise Roenne, Managing Director Karin Dam Norlund, Administrator Ivan Lopez Garrido, Host Bettina Lehman, Communications Intern	Nicolai Seest, Chairman Emil Steglich-Petersen, Partner Richard Joachim Deleuran, Partner
Lynfabrikken	Lasse Schuleit, Co-Founder Jeppe Vedel, Co-Founder	

As the table shows, it behoves any future development around a CIs incubator to take into account the experience and educations of managerial staff. An overwhelming proportion of the managerial and support staff at all our case studies have direct experience as professionals in CIs prior to working with the organization, as well as some experience in entrepreneurial or business management. There were fewer persons that did not have both areas: creativity and business, under their belt.

Funding

Based on a coming together of our data and theory, it appears that funding is a significant topic for consideration. Our cases suggest that access to *low* interest-funding means an ability to take the entrepreneurial risks necessary to success becomes less of a financial gamble. Cases such as Cockpit Arts, CEA and BarcelonActiva have special funding schemes, either internally via awards and scholarships or externally via exclusive relationships with banking institutions. These are in addition to the already subsidized, or below market value, studio space and office services.

More specifically, with a BarcenlonActiva approved business plan, entrepreneurs are offered lower interest business loans. At Cockpit Arts, awards are offered to high-need craftsmen. This translates into further subsidized rent for incubation services. A 'high-need' is defined as one practicing a craft that is endangered of becoming obsolete (Cockpit Arts, 2011). Furthermore, the Cockpit Business Growth Loan Scheme has been successful at accelerating growth for the more established enterprises at the incubator (Cockpit Arts, 2009).

"Loans issued in 2007 and 2008 have made a significant impact on turnover with increases of up to 600% in a two year period. Profits have increased, with a high of 1300% and an average of 185% over the same two year period" (Cockpit Arts, 2009).

CEA, alongside facilitating targeted networking, hosts the Creative Business Loan Fund (CBLF), which are small, interest free loans for no longer than 12 months in duration. Qualifications include:

"CBLF may be for you, if your business:

3. *Has been trading for less than 5 years*
4. *Can adequately demonstrate the need for funding and a level of financial stability*
5. *Has a clear business strategy and purpose for the funds*
6. *Can demonstrate direct economic benefit in Queensland*
7. *Is willing to engage in our Creative Launch Pad's mentoring program" (CEA, 2011).*

Creative HQ is more of a traditional incubator regarding funding and investment. The incubator retains a 5-10% stake of each venture and they have an exclusive network of venture capitalists to draw from. This is reflective of the high-tech and IT focus of their incubation model.

Gatekeeper role

From looking at literature and marrying our proposed model with case study data, it becomes apparent that incubators behave as gatekeepers in several critical ways. Financially, incubators can be the bottleneck for access to exclusive funding pools, investors or special bank offers. Socially, incubators can be the access point to meeting critical people for business development. On a tacit level, the brand and goodwill connected to the incubator can function in a gatekeeping way-- associating oneself with the incubator may grant tenants attention, promotion and credibility in the industry.

BarcelonActiva carried out lobbying of the government in order to be able to offer those incubator tenants with an approved business plan special micro-loans, at very low interest rates. This offer is only for BarcelonActiva approved business plans. Previously mentioned in the section on *positive failure culture***,** BarcelonActiva acts as a funding gatekeeper by way of their special relationship with Spanish banks to offer low-interest micro-loans to entrepreneurs who have had their business plans approved by the institution. Similarly, Cockpit Arts and CEA offer certain tenants exclusive access to special loans. These loans have a proven record of accelerating growth, and thus are highly desirable (Cockpit Arts, 2009).

On a personnel level, the case studies all act as gatekeepers to certain degrees. Each

case study sits on a particular network of individuals, whether these networks are exclusive or informal and cooperative. At Creative HQ, they are the holders of exclusive access to venture capitalists and executive networks. Pratt, Republikken and Lynfabrikken all have open networking events and parties, thus acting as the gatekeepers. At CEA, they act as a gatekeeper by granting access to research and researchers at the university. This allows for tenants to have easy access to the latest data, theories and findings related to their industries.

This gatekeeper function is also seen in other, less explicit ways. For example, through building a reputation for being a centre for interesting and talented creatives, a tenant is launched into higher prestige by being associated with the incubator brand. Most notably, this is witnessed at Cockpit Arts. A public awareness campaign, Maker Difference (http://bit.ly/6vG032), attracted the attention of a group of celebrity personalities. This not only generated financial support through memberships, but also strengthened the brand of the incubator. In this way, tenants who are accepted and accommodated at the incubator have access to the brand and prestige associated with it. Because it is a relatively new incubator, Pratt does not have a firmly imbedded gatekeeper role as of yet, however it naturally has the distinction of being associated with the renowned Pratt Design Institute. This points to the possibility that there is a relationship with longevity and a gatekeeper role, and will be further explained in the discussion.

A future CIs incubator should recognize the value and opportunities provided by functioning as a gatekeeper and should actively engage in doing so.

Finding of Analysis

Based on the findings gathered, we have seen three themes emerge: community, physical attributes, and resources. As seen in the above figure, our proposed model tested mostly positively.

Community (A) tested the strongest, with all case studies acknowledging the importance of network and community. Furthermore, we discovered the importance of social interaction for CIs, where the social vibe out-weighed the traditional qualities such as prior work experience and qualifications. In our findings we did not

see any of the cases to have actively implemented a positive failure culture. Case study Pratt identified the importance of this but did not know how to create or enforce such a culture.

The physical attributes (B) tested lowest in regards to a holistic work environment and flexible workspace. However, the figure (above) accounts for all case studies and the more artistic incubators reveal that space is important. Furthermore, we discovered the importance of an openness, or direct access, to the public and that the location of the incubator must reflect a bohemian artist identity.

Lastly, the area of resources (C) has been central to our proposed model, through management style (the bridging of art and commerce), easy access to funding, and utilising a gatekeeping strategy. For the most part, we had strong confirmation of this element to our hypothesized model. Nonetheless, gatekeeping did not test strongly. We found this to be a result of the incubator's longevity in the industry. The relationship between established network connections and brand value had a dramatic effect on the role of the incubator in the industry.
In the discussion these analytical perspectives will be further deconstructed.

Discussion

The above analysis synthesizes our findings, serving as a point at which theoretical proposed model were synced up to case study data. The ensuing discussion will bring our assumptions and data from the analysis section into the bigger picture of incubators and the distinctions we have discovered between high tech, or traditional incubator models. We have arrived at the following discussion topics though which to interpret this coming together:

- Access to public as an undiscovered dimension
- The differences in networking between high-tech and cultural industries
- The balance of people, not only skills, to create a socially dynamic environment
- The relationship between artistic output and physical facilities
- Mitigating the entrepreneurial risk
- Gatekeepers—simultaneously open *and* exclusive
- Value vs. Enterprise as a paradigmatic perspective

The relationship between artistic output and physical facilities

As seen in the analysis from the case studies of CockpitArts Republikken, Pratt Design Incubator, BarcelonActiva and Creative HQ (2011), there is a significant relationship between the creative output of the incubatee's process and the use of physical facilities and physical characteristics of the workspace.

As mentioned above personalisation and flexible workspaces were seen to be more predominant in incubators where a high degree of creativity in the production of cultural goods.
From the observations carried out it is evident that the significance of space and physical environment around a creative in a work environment is highly important and starkly different from other industries, such as high-tech.

The data indicates that creative entrepreneurs and creative business incubators put value into the space around them, as they do with clothes and other aesthetics. These findings point to, and with further research may confirm, space and location offering a statement of identity amongst peers. Literature points at the cultural and creative industries clustering in cities such as New York, Berlin, and London, but lacks an insightful perspective in the behavioural decisions and actions that motivate and influence a creative person to cluster (Maskell and Lorentzen, 2004). This insight would help solidify the notion of creatives choosing to be in an area as a greater identification to the tribe or sub-culture (Godin, 2008).

The results on flexible workspace could be explained as a result of management styles adopted by the incubator organization, rather than a deliberate strategy. Initially, it was assumed that due to the ad hoc nature of the creative process and industry that an ad hoc physical representation would be appropriate to adopt. The table below highlights this.

	Management style	**Work space**
CockpitArts	Autonomous	Separate studios
Pratt Design Incubator	Organic and Ad Hoc	Make-shit and open workstations
CEA	University based/	Located next to campus in campus facilities
Creative HQ	Corporate	Traditional office space
BarcelonActiva	Institutionalised	Institutionalised facilities, standardised office space
Republikken	Democratic	Personalised and highly diversified work spaces
Lynfabrikken	Independent/ co-worker	Open to the public and a very social space

As we can see from the table above there is a relationship between management styles of the incubator and how the physical environment of the workspace has been arranged.

It was theorised that the determinants of this attribute would be based on the specific needs of the tenants/ incubatees. These results are surprising as our proposed model is based on the needs of the incubatees rather than the creators.

From a first glance, this risks alienating the desired target group. The proposed model was based on the needs of the incubatees and the unique needs associated around the cultural industries. This possibly gives insight to the nature of the incubator industry. Strategies are based upon the presumed needs of the tenants, rather than actual. This is an indicator that the cultural business incubator industry has not developed best practices. This is not a surprising notion, the search for case studies that fit the description of a cultural incubator were far and few between. It can be safely concluded that this industry has not been able to develop best practices on a significant level, as of yet.

A further perspective that we have uncovered, pertaining to the physical environment, is location. Not only is it important to be in close proximity of the relevant industry, or to be in a city, but more over it's important to be in a location where it is cheap and 'trendy'. It has been observed that these areas have been chiefly industrial areas, or gentrified city areas, that have sparked the interest of the creative class. Our research indicates that this may not only be a functional, cheap solution, but more of a hedonic need for identification with the industry, a deeper form of artist identity in a modern bohemian culture. Pratt is a good example of this, as it is located in Brooklyn Navy Yard, New York City. BarcelonActiva, CockpitArts, Republikken follow similar suit. Possible reasons for CEA not having a cool location is its association with the university and proximity to QUT's campus.

The differences in networking between high-tech and cultural industries

The case studies have revealed a stark difference in networking than high-tech industries that confers our hypothesis and the theory surrounding the unique networking function of cultural industries. "*Besides being used for building business, networks can also be important for quality control and to enhance own capacity by means of external service providers" (Gassman and Becker, 2005, p.26).*

The main distinguishing feature is the formality of the networking situations. From our case studies we have been able to observe the difference of networking on a spectrum, from highly artistically creative incubatees and more technical incubatees.
The high-tech networking has been observed to be highly structured and formalised into an event dedicated for network connections for future business opportunities and fostering current business relationships. Such key indicators are nametags, a guest speaker and introduction, funding, catering, etc. These case studies hold to the traditional concept of corporate networking.

In the case of BarcelonActiva and Creative HQ, traditional networking has been adopted. This networking is effective for the target incubators as the name of the game is to build and maintain these business relationships. This could be that the nature of information transference in the tech industry is highly protected and a great deal of secrecy surrounds projects and intellectual property.

On the other hand this is starkly different from how creatives operate in the industry. Networking has predominantly been performed in informal and highly social settings (Currid, 2007). There is a less staged situation for building the connections for future collaborations or opportunities and follows a more organic nature, usually occurring at a favourite bar where same minded people congregate and share ideas openly and in a relaxed and social setting. This also supports the idea proposed by Currid (2007) that CIs are made up of a dense network of loose ties. This reinforces the absence of building and maintaining business relationships.

The two case studies that did networking 'a la' creative industries are CockpitArts and Republikken. Here we see an open and relaxed atmosphere, where the aim is to interact on a social level rather than to have an opportunistic perspective on the interactions. The main deliverance surrounds open lectures. This is a unique way in which we have seen expand from the now prolific TED talks. Free lectures are provided at Republikken and are open to the public and allow for a cross pollination of industries and people, who all share the same value for information and knowledge.

In the example of CockpitArts, we have seen the networking services centred on an open market. This open market allows for the crafts people from the incubator to display and sell their cultural goods to the public. Once again the aim is not to build business relationships but rather to display the creator's unique design perspective to the market.

Access to public as an undiscovered dimension

It has been discovered that 'access to public' is a service that an incubator can provide and add value to the incubatee. Access to the public has strong ties to the 'economics of the dance floor' and the nature of the culture goods (Currid, 2007), as it offers the incubatees a platform to introduce their concepts to the general public. In the instance of CockpitArts, not only does this process provide an injection of interest but also a way in which the designer can test the market's reaction to their designs. This is an obvious connection and yet this is not significantly done by high-tech industries.

As cultural products can be understood on a basic level by anyone (acknowledge that there are highly abstract artworks that not the everyday person would understand or interoperate) an open forum is a feasible outcome. By contrast, the high-tech industries are shrouded in secrecy and advanced technical concepts are not easily explainable to the layman.

Benefits for the CIs to have an open-door policy are manifold. For example, it facilitates access to new inspiration and external feedback, and expands the dense network of loose ties. Access to the public also inadvertently creates a way to bridge

the gap between commerce and art. Through seeing the end customer the designers at CockpitArts market are able to see the affect of real market situations. Such as sales, price point, and have a sense for who their target market is. By having a real market situation, the entrepreneurs can base their future strategies on these experiences. The designers and artists have a better understanding of the whole, from design to sale and can understand how each stage can affect each other.

The balance of people, not only skills, to create a socially dynamic environment

From our research, we have discovered that the emphasis on social interactions was more pronounced than our first estimation of our proposed model. It was known that the nature of networking and the dense network of weak ties, based around an informal social networking structure, was a dimension of the industry.

*"Being part of a **community** of designer-makers was cited by 85% of respondents as making a significant or moderate contribution to their business development, 71% and 14% respectively"* (Cockpit Arts, 2009).

We found that the social dynamics of a work environment were more important than skill sets or profession. Data shows that the interactions between co-workers, incubatees and collaborators are highly valued. This is starkly different from high-tech industry and the networked incubators (Hansen et al, 2000) where it is all about who you are, who you know and what you can do.

Based on our understanding of dance floor economics (Currid, 2007), artists and creative professionals seek out those with whom they have had good social experiences. There is more to the process than performance, a considerable proportion of value is put into the relationship of those who work in a close proximity.

This was reinforced by the case studies of Pratt Design Incubator and Lynfabrikken. At Lynfabrikken, it was found that the selection process of future tenants is based on their personality and how they fit into the social dynamic of the organization (Lynfabrikken, 2011). In this case we see that the value of the person is greater than

his/her skills. This also brushes the issue of artist identity as an integral part of creating services and space around these individuals that best promotes cultural production and the creative process.

From this, it can be deduced the artist's identity and need for a work environment around them must offer a socially appealing dynamic and mix of people. A tenant from Republikken further reinforces this, it was commented "*we are divided into departments, graphics, Consulting, KEPS, but I think we should be divided into what music we like*" (Snorre Krogh, 2011). This statement highlights the nature of the collective workspace.

Mitigating the entrepreneurial risk

Traditionally, managers are to educate, manage, care-take and develop models and strategies that foster economic development (Andersen et al., 2007). Managers and administration work with what Caves (2000) calls *humdrum* tasks: administrative and support work that allows for commercialization of creative, experiential products and services (Ibid). It is in this capacity that managers are most commonly responsible for the strategic allocation of an organization's resources with the aim of achieving an optimal return on investment (Austin & Nolan, 2007).

"84% of the best performing businesses have strategic plans suggesting a strong correlation between ***formal*** *strategic planning and improved business performance. 83% of those with strategic plans had accessed one to one support in the last two years" (Cockpit Arts, Report, 2009).*

Caves (2000) defines creatives and suits according to their job description; creatives employ artistic or design skills to carry out tasks and engage in the creative processes associated with innovating, designing and producing experiential goods and services (Ibid). To Florida (2002) artists and designers are a portion of what he classifies as the *super-creative core.* These are professionals whose job it is to "fully engage in the creative process" (Ibid, p. 69). They produce innovative commercial products and consumer goods. Within this category, come *bohemians,* who are employed in specifically artistic and literary professions (Florida, 2002). For our discussion it is

most interesting to look at what he calls *creative professionals* who are knowledge-based professionals not directly connected with artistic creation or technological development.

By 'managerial camp' we mean to say that managers and administration, at a potential CIs incubator, should have their proverbial feet in both the arts and business sectors, and belong to the *creative professional* ilk. We argue, a *creative professional* is most suited to the work of managing a CIs incubator, in lieu of *humdrum*, because their have a unique knowledge-based way of problem solving and, thus, an inherent appreciation for the role of internal and creative processes. As well, said managers should arrive at the incubator having had CIs experience in some way. For example, a manager that is an industry veteran or has a creative background would bode well to bridge the divide between creatives and humdrums (Caves, 2000) so distinctly noted in the literature review. "[*I]t is concluded that [regarding] learning styles, conflict between creatives and suits is not inevitable, suggesting artistic and managerial processes can be complementary rather than antagonistic*" (Tonn, 2010, p. 1).

The managerial style that understands the value of learning and processes can celebrate risk taking, not only bottom-line outcomes, would serve a positive failure culture. In light of the inherent '*nobody knows'* characteristic (Caves, 2000), managers in CIs must endeavour to provide an educated guess as to targeting markets, business planning and strategizing. It is the administrative body of the incubator that must be expected to understand the business world and its structures in order to aid the product development phases without hindering creative processes.

In their book, *Positive Peer Culture*, Vorrath and Brendtro (2008) conduct comprehensive research on the topic of culture and youth. One of their most telling findings is summed up as "*Young people are profoundly influenced by associations with their peers. Too often the peer group has been viewed only as a liability; too seldom has it been seen as a resource*" (p. 8). Although they worked most notably with youth, the message can translate into a method of understanding the working culture among creatives.

Indeed, our case study Cockpit Arts found that granting access to certain companies to their Business Growth Loan Scheme resulted in intangible benefits: "*The scheme also reaped* ***less tangible benefits such as increased confidence, drive, focus and motivation among participants****" (Cockpit Arts, 2009).* From this finding it can be deduced that there is a relationship between affordable funding and the courage to take risks.

Funding is an undeniably important theme to unpack. The bulk of CIs businesses operate on very small scale (an artist only paints a single painting at a time and a milliner only crafts a single hat at a time). Some businesses may grow into large-scale operations, such as a reputable clothier or via outsourcing production, but the majority will not become economic juggernauts like high-tech start-ups. Indeed, traditional incubators exist for the potential for a huge payout in the end, as Creative HQ demonstrates. Grimaldi et al. (2005) note that incubators are hotbeds for direct job creation. Whereas this may ring true in the high-tech industry, it is not a phenomenon for the CI-centric incubators we have studied. Instead, thriving CIs reap gains by bolstering tourist economies and amplifying a knowledge-driven, innovative society (Bourdieu, 1996; Gordon and Beilby, 2006).

Because CI incubators support small companies that may only be one person in size (Lorentzen, 2009) funding paradigms should reflect smaller-scale growth propensities. As per our case studies, low- or no-interest loans should be part of a resource plan for qualifying tenants, scholarships, grants and subsidies. Focus should shift away from the commonly held notion that incubation and venture capital go hand-in-hand. As an institution, equity stakes should be similarly disregarded as a fundamental way of funding the incubator. Conflict exists between paradigms of value and enterprise, which will be discussed in the future perspectives chapter.

Gatekeepers—simultaneously open *and* exclusive

Dovetailing from funding, the topic of incubators as gatekeepers arises. The avenues by which an incubator can act as such stem from the networking associated with the institution, as an access point to funding and through brand association.

The managerial staff (and board) represents opportunities to become a conduit through which tenants can access and utilize the network of relevant human resources. "*…[M]anagers may be described as a type of "gatekeeper," individuals who are committed to community development and use their contacts to encourage communication among firms" (Markley & McNamara, 1994, p. 3).* Managerial staff should be recruited bearing in mind their past experience and the network s/he brings along.

Whereas high tech incubators often rest their prestige on the exclusivity of their networks, CIs can do so to a certain degree so that it becomes a leverage point for their offerings, but also allow for the fluidity of making social and business connections, through an open framework. In effect, a CIs incubator would seek managerial talent that is highly selective according to the criteria put forth by Allen (1977). He stipulates that gatekeepers have the following features:

- They constitute a small community of individuals;
- They are at the core of an information network;
- They are overexposed to external sources of information;
- Their linkages with external actors are mostly informal (Ibid.)

In effect, a CIs incubator would seek managerial talent that is highly selective according to these criteria. The criteria indicate that gatekeepers have linkages with external actors that are mostly informal. This mirrors our finding that informal, social connections and an open framework for networking (the *dense network of loose ties*) is key to CIs businesses. This way, it keeps in line with the "dance floor" characteristic of creatives—to engage in networking in a loose and social way (Currid, 2010).

As well, we know from theory that CIs products are *complex goods* that require a *'motley crew'* mishmash of skill holders to realize (Caves, 2000). It is even more critical to have an open framework of networking, not exclusively held, for this purpose. "*If the incubator itself cannot provide the missing resources and knowledge, it takes on the role of a gatekeeper or network spider in coordinating third-party services" (Colombo and Delmastro, 2002 as cited by Gassman and Becker, 2005,*

p.26). The CIs management and structure should embrace being open to third-party participants in the interest of producing successful enterprises.

The incubator can behave as a gatekeeper in the creative community by housing key networking events. Social in nature, networking events should bring the public into contact with the creatives so that they may boost their profile as producers and also generate awareness for the incubator. With an increased profile, the tenants, their businesses and the incubator itself, will accrue credibility as a hotbed of creativity. The attention of external critics and opinion-makers will be drawn to the incubator, whereby increasing the likelihood of its tenants' businesses being plugged.

The incubator should establish relationships with funding sources—from banking institutions to government funds and philanthropic organizations. Mirroring Cockpit Arts, BarcelonActiva and CEA, offering exclusive offers and deals can fortify the incubator's role as a gatekeeper. The result is a positive benefit for each stakeholder—the financial lender receives a more secure investment knowing the business plans have been vetted and are continually supported with knowledge and resources; tenants receive access to low-interest or otherwise more costly capital; and the incubator deepens its offering to tenants and becomes the intermediary, thereby increasing its influx of applicants.

Discussion findings

The above analysis represents a fusion of the two primary areas of literature, high-tech incubators and the cultural industries, and subsequent assumption s backed by case study data. Along the way, we discovered other, peripheral phenomenon that pricked our interest and might serve as future research endeavours. We will delve into a discussion that proposes future areas of research as they were uncovered though our work.

Future perspectives

The discussion aims to incorporate the analytical findings reached in the previous chapter with a more current market discussion framework, based on the below points:

- Capitalising on Culture
- Policy perspective on democratising art and commerce
- Legitimising the incubator

Through addressing these practical perspectives we aim to ground our research in a more practical working business model.

From our analysis we have uncovered areas of interest and important aspects of the CI incubator that has not been the direct focus of this research project but are some of the important hegemonic influences on the incubator industry. In order to properly answer our research questions of how a business incubator is beneficial to the creative industries, we will address these peripheral perspectives, as they are highly relevant for a practical application of our research. As seen from the comprehensive literature reviews and empirical data; CockpitArts and BarcelonActiva, we can see the direct effects of lobbying and policy makers' influence on the incubator industry and how through policy can have a positive effect of art and commerce.

Policy perspective on democratising art and commerce

Aforementioned, the purpose of a business incubator is to provide economic stability for a region (Plosila and Allen, 1985; Hackett and Dilts, 2004; Abetti, 2004; Grimaldi et al., 2005; and Etzkowitz, 2002). In regards to CIs, this has been notoriously disregarded as a significant economic sector, despite the statistics. Traditionally creative industries have not been high-growth industries and, as a result the attention of policy makers, been comparatively low. The attention shown has been on a regional level, mirroring the nature of CIs clustering. For example, the mayor of New York City has a strong political standpoint on cultivating and supporting the creative industries (Currid, 2007). This is a direct result of the economic benefit to GDP; for example, in the UK the creative industries contribute an estimated 6-8% of GDP (Draper and Starr, 2010).

This perspective sheds light on the issue of how to draw attention to the cultural industries and the importance of them. Can the cultural industries better capitalise on culture? In the following section this will be further discussed.

Through the initiatives of policy makers and lobbyists, the environment for entrepreneurship has an opportunity to gain access to opportunities that they would not otherwise enjoy. Through the incubation process, a tenant firm will have the opportunity to compete on the market and provide a sustainable income around a creative and bohemian lifestyle.

A holistic front must be made in order to see change on a greater scale. Etzkowitz's (2002) triple helix model can create a more streamlined support structure for any initiative, but especially in regards to business incubation. In order for CIs to gain an economic foundation, the three sectors (university, government, and industry) must collaborate to create ideal ecosystems of opportunities.

Capitalising on Culture

The paradigmatic lines have been made clear through this research project between the cultural sector and high-tech industries.
The move away from traditional business perspectives has given rise to a host of innovative business models - the rise of the cultural business incubator model being a good example. As business makes a shift towards a collaborative, flexible and non-hierarchical future, governments and banking institutions find it difficult to follow suit. Hansen et al. (2000) determines that financial institutions were not able to understand or to properly assess the value of the tech-based businesses looking for start-up capital. The same problem lies in the CIs. Due to the recently acknowledged importance of CIs, financial institutions and government bodies have not caught up with current industry developments and paradigm shifts.
Through the capitalising of culture, this sector can begin to stamp the importance of the arts in big businesses. Much like the wave of social capital, creative capital can pose high value for employees and the internal culture of organizations, as well as being important to industry. A proliferation of graphic design and the dominance of

Apple Inc are significant indicators of the importance of design-centric needs and consumerist habits.

As a result of this paradigm shift, from traditional business ethos to a new, new economy (Hansen et al. 2000), there may be room for the cultural sector to find a place within business and entrepreneurship. What is not known is if the gap (between paradigms) is too wide and even with such a transition of business practices and models underway, artistic expression cannot bond with commerce.

The value-centric work ethos differs from other traditional industries, where the focus and motivation is growth and profit. This lies inherently in the nature of traditional industries such as high-tech, as production and capacity follow a linear projection (Wu et al., 2005). As the cultural industries are highly value-centred there may never be a complete merging of art and commerce as the inherent motivations and nature of cultural production differ.

In our case studies we found that a high proportion of women participated in the more cultural business incubators. As this was not a part of our problem formulation/ research question, it has not been analysed in great depth in the previous chapter, but is a highly significant finding and warrants discussion.
What we know from female entrepreneurs (Lloyd and Solomon, 1987), great emphasis is placed on personal value and a deeper connection to the work that they do. This interestingly aligns with our findings, where CI incubators have adopted a shared value and higher purpose. This may be a motivating factor in the decision process for choosing a business incubator. But what is interesting is that this has not been found in the existing literature. Possibly, as this pertains to the high-tech industries, which are notorious for being male-dominated industries, women have been a minority. What is the link between creative females and the creative business that creates an attractive environment?

More research is needed to uncover this phenomenon. Our research raises more questions: Has management adjusted for creative women? In which way are creative female entrepreneurs unique from other entrepreneurs? And what is the decision process for female creatives when choosing a path of business incubation?

One perspective our research interestingly uncovered is the possible relationship between the positive failure culture and female entrepreneurs' aversion to risk (Sexton and Bowman-Upton, 1990). From our research we have discovered that the positive failure culture is highly ambiguous in its definition and as a manageable function. It was acknowledged from our case studies that its importance is high, but no one was able to explain how they achieved this positive failure culture (Pratt, 2011). From our findings we have seen that our tested assumption s of positive failure culture has existed but as a result of the culmination of other services and management styles. For example, as discussed in our analysis, this function is made up of: access to funding and noncommittal financial support such as low interest loans and grants; a lassie-fair management style (Bergek and Norrman, 2008), or in the case of Pratt Design Incubator an organic management style in order to be as flexible and adaptive as possible; the importance of the creative identifying with the space and feeling that this space is one in which the artist/ creative has democratic control over the appearance. It is possible that this democratic nature may extend past the mere appearance of the space, but how it is run. In short this aligns with the previously researched needs and tendencies of female entrepreneurs and offers an interesting future research perspective.

Legitimising the incubator

This section is dedicated to highlighting the topic of *making* the incubator a success. Through longevity and an established community, the incubator can hope to lay the rudimentary foundations of success.

Transforming a new creative institution into a pioneer of *cool* should not be overlooked. To remind us, gatekeepers are *"a small number of key people to whom others frequently turned for information. These key people differed from their colleagues in the degree to which they exposed themselves to sources of technological information outside their organization"* (Allen, 1977, p. 145). He stipulates that gatekeepers have the following features:

- They constitute a small community of individuals;
- They are at the core of an information network;
- They are overexposed to external sources of information;

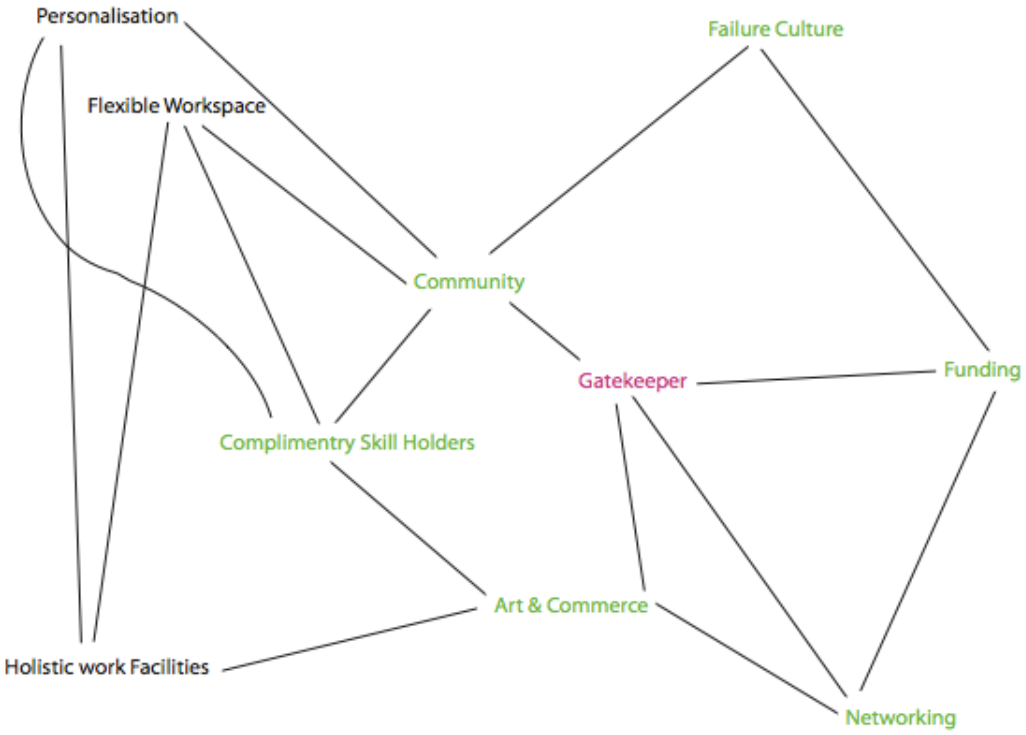
- Their linkages with external actors are mostly informal (Ibid.)

For future research, it will be intriguing and invaluable to try to explore and comprehend *how* one becomes a point of information and credibility in the creative community. This is a slippery topic—one that must take into consideration extensive syntheses of literature in the fields of human behaviour and psychology, trends and forecasting, consumer behaviour, sociology, technology and communication, to name a few.

Other related elements to the discussion should include the value of culture to society, in that government and societal support of culture and arts must be an integral pillar of value set in which a CIs' incubator is situated. Legitimising the incubator socially is a decisive need for success. Cockpit Arts rallied support for its mission by waging a public awareness campaign that attracted celebrities (Cockpit Arts, 2011). CEA relies heavily on its relationship to its parent university for support—mostly in terms of funding and branding (CEA, 2011). BarcelonActiva is a government-run public institution (BarcelonActiva, 2011). Pratt Design Incubator is synched up to the renowned Pratt Design Institute (Pratt, 2011). We speculate it is not purely coincidental that such a reliance on the public sector exists. That said, governments are reactive in nature. They must be prudent with their endowments; hence any CIs incubator reliant on public money must prove its worth beyond the notion 'arts and culture are invaluable to society' and be results oriented. An incubator may be inaugurated on this basis, but must then turn its focus to becoming a proven success.

At the same time, taking into account the anti-economic characteristic of CIs is necessary (Eikhof & Haunschild, 2006; Bourdieu, 1993, 1996; Caves, 2000). The well-documented exclusivity of the artist and the businessperson, and their respective worlds, should be considered when synching up any CIs incubator to certain businesses and governmental bodies. The triple helix structure can form a framework for structuring and organizing research in this area (Etzkowitz, 2000). Future research on this topic—balancing relationships to traditional institutions while remaining artistically unfettered and. to a certain extent, bohemian culturally - can explore how this dance increases an incubator's legitimacy.

Findings



From this diagram (above) we have been able to visualise the data collected on our proposed model. We can see the original relationships between the characteristics of the proposed incubator model. The green characteristics refer to a high number of our cases studies corresponded with our hypothesis; black characteristics indicate a low score of matching with the hypothesis; the red indicated a low number of matches, which we found to be unusual as per the relationship it has with the other characteristics.

When visualised, we can begin to understand an overall impact of our findings on the data gathered and thus use it as an analytical tool.

The motivation behind this research work stemmed from an interest in the phenomenon in Copenhagen, Denmark, where a healthy number of new enterprises are started each year. However, data suggests that within four years of starting up, an overwhelming majority will fold. Similarly, the capital region is a reputed source of design and creativity. Armed with these two facts, this research paper began to unfold.

The aim of this work is to spearhead the academic exploration of how CIs are unique from other industries, determine what special needs CIs businesses might have that must be supported and then examine how a business incubator model may be tailored to these unique needs.

Our research questions asked the following:

How can the Cultural Industries benefit from an incubator model?

- **How are Cultural Industries different from high tech industries?**
- **How can a unique incubator model be customized to support cultural ventures?**

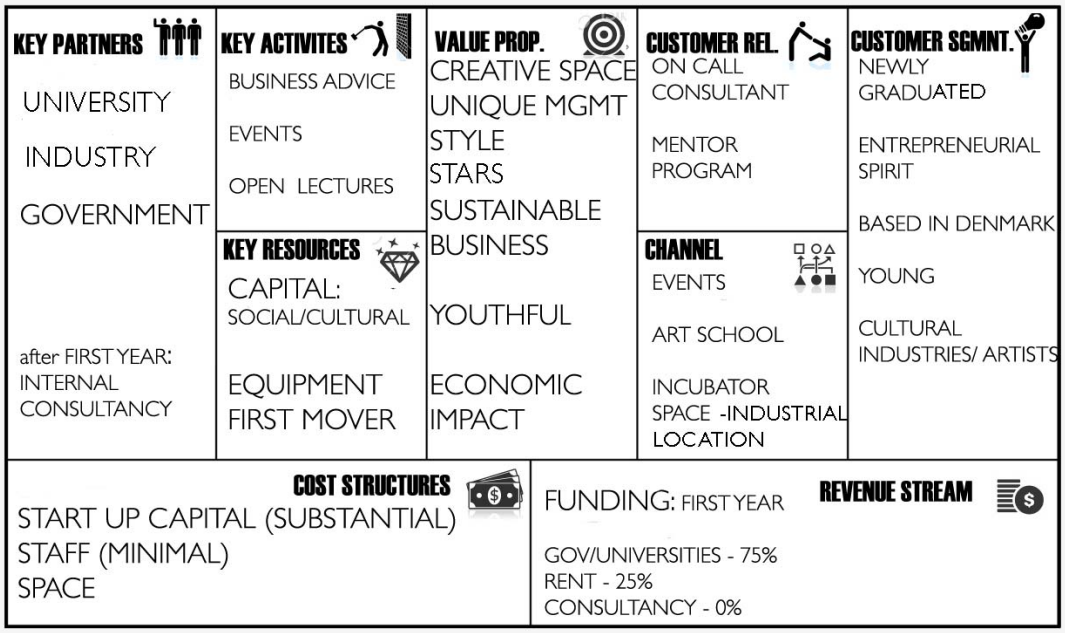
From our systematic literature reviews we designed two key assumption s that we set out to corroborate or negate.

Assumption s

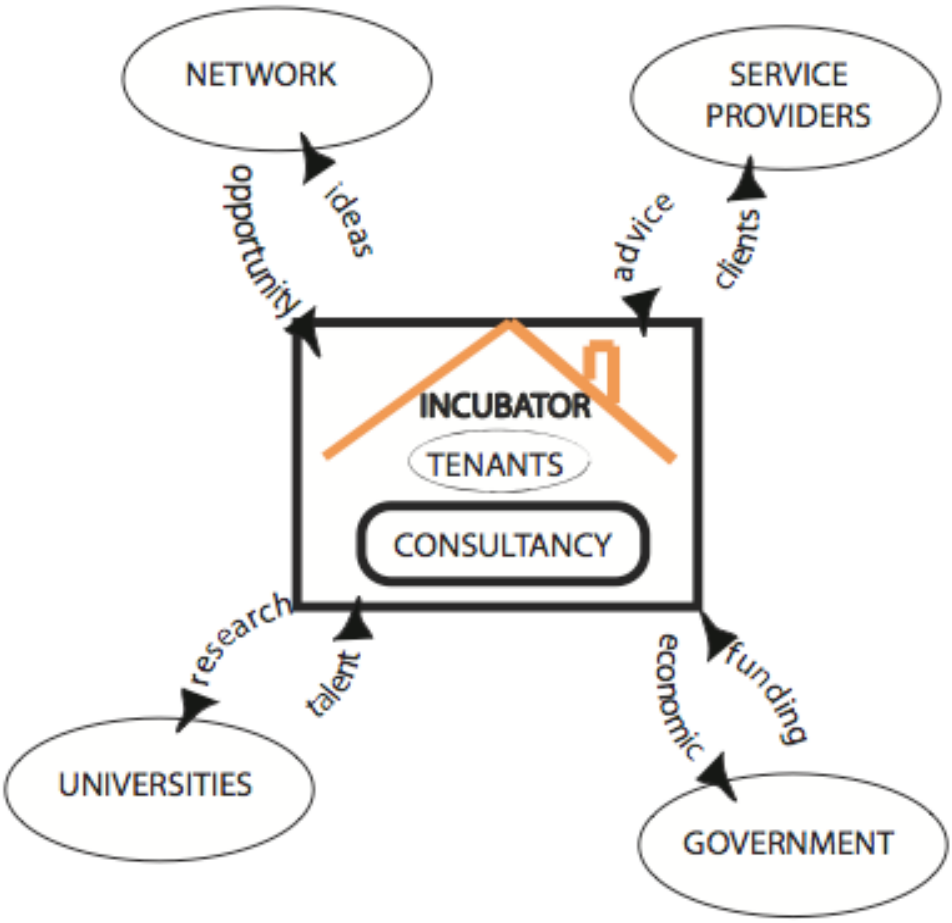
- **The incubator process is beneficial to (cultural) start ups**
- **Cultural industries have unique business needs.**

In summing up our work, we see that both assumption s were substantiated. Based on data from Cockpit Arts (2009) and BarcelonActiva (2011) and findings drawn from high-tech incubation literature, it is surmised the incubation process can be of benefit to CIs start-ups. Through a unique business incubation model dedicated to the cultural industries, benefit can be gained through the mitigation of the inherent risk involved and improve the longevity of the incubatee's entrepreneurial endeavour.

When embarking on this research endeavour, it became quickly apparent that little academic research has been carried out in this niche field. Bolstered by recent works by Richard Florida and his coined "Creative Class", which accrued significant attention and credence among the mainstream population and academia, we can only predict that Cultural Industries will continue to become increasingly critical to new economies. Our hope as students and researchers in the discipline of creative enterprise studies, is that this body of work serves to bring attention to this underserved and previously overlooked topic.



(Business Model, see Appendix)



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Appendices

Appendix 1 - Business Model

As the results show from this dissertation, there are several elements that affect the structure of the business model, such as the creative output from the entrepreneur, location, and isomorphic pressures.

Our business model, which is preliminary in nature, is devised with the Copenhagen-region in mind. We take into consideration the governmental structure around public initiatives, as well as the university and higher education institutions to formulate a structure for this model.

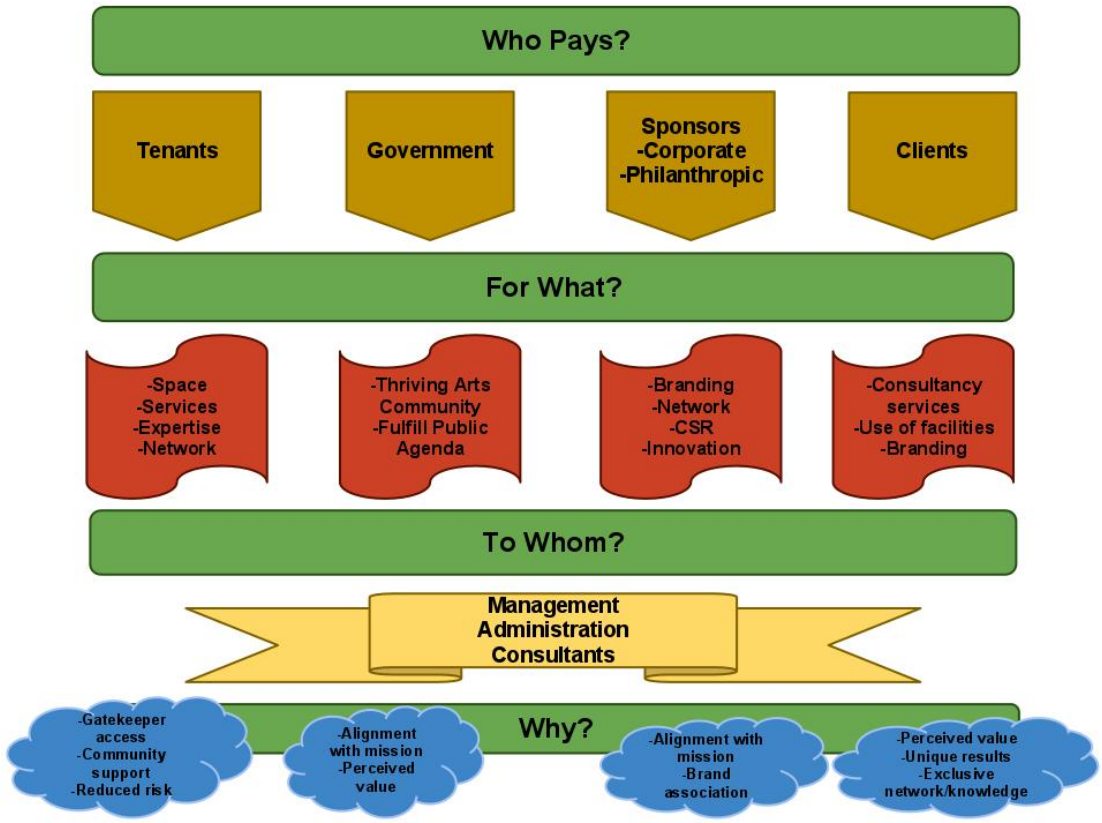
The model is preliminary in nature per the instructions of the Copenhagen Business School master's thesis guidance counselor, Vibeke Ankersborg, who advised us to keep our work predominantly theoretical. Instead, it functions as a source of inspiration for future work and as a way to round off this thesis document. Hence, the model is not fully vetted or ready for implementation and the business model is mentioned here, in the report, but is placed in the appendix.

Because CIs enterprises do not have high-growth potential, a CIs tailored incubator is not a good candidate for venture funding. This means a corporate-private-incubator (CPI) or independent-private-incubator (IPI) model is mostly likely not a suitable fit because of the lack of return probability. Instead, we propose a university-business-incubator (UBI) that is government-supported and has a not for profit profile. This UBI will be a conglomeration of the design and arts-based higher education institutions including the Royal Danish Academy of Fine Arts; Schools of Architecture, Design and Conservation; School of Design.

Clarke (2004) boiled down the essence of a business model to four central questions:

1. Who pays? (consumer, producer, or third parties?) 2. What for? (e.g goods, services, expertise,	3. To whom? 4. Why? (e.g. perceived value, or being locked

assurances of quality or security.)	in.)



Source: Sarita Serup, Steph Moscovis; 2011

Physical location

Founded in our research, the creative business incubator should be located in a cultural city, with a significant pre-established creative cluster (Maskell and Lorentzen, 2004). More specifically this space should be in the industrial space of this city where a deeper connection lies between physical space and artistic identity. The space will offer a physical communication of the participation of cultural industries. Furthermore, practical advantages, such as cheaper rent and large lofty spaces, are also significant.

Renowned artists/creatives

To maximize the reach of the incubator there needs to be a "star" (Hansen et al., 2000) in order to attract attention and legitimacy to the incubator. As the incubator collects/ attracts prominent artists/creatives the brand equity of the organization will

be associated with the 'star'. This role only needs to be a minimal position or a figurehead, such as an advisor or a board member. The main aim is for attracting the network and opportunities based around the renowned artist/creative. This will help with the establishing the hotbed of talent, mentioned in the discussion. To further keep abreast of a new and progressive brand the incubator should in the consultancy employ trendsetters and key and influential persons to attract clients.

Customers

What type of customer do you want to attract? This is a precursor for most of the other elements of the business plan, as our research indicates.

In this instance we wish to attract a highly creative & artistic entrepreneur. The incubator should attract a diverse body of creative entrepreneurs to heighten synergies. To fully benefit from an incubator environment, participants should be able to express their creative ideas and to share their experience.

Creative incubator business model will try and attract young, newly graduated creatives that have a specific business idea that they wish to actualise. A significant consideration is to how to mix gender within the incubator in order not to alienate the opposite sex. Our research showed that female participants and management staff were predominantly women, this affected the culture and we observed the effect on the minority male participants.

Revenue

There are several funding avenues that a creative incubator can adopt; such as negative percent of equity, government, university, partner sponsorship, and internal revenue streams (internal consultancy).

By diversifying the source of revenue generation, the organisation will not depend so heavily on external sources of revenue. This combination of revenue-generating activities once again is highly dependent on the customer base, economic environment, and corporate opportunities spurred by the organisation itself.

The revenue stream would come mostly from government initiative. In the case of

Copenhagen, this makes sense, as there is a long history of public funding for the arts, as well as a strong entrepreneurial culture. As well, the UBI would accept revenue from tenant incubatees in the form of rent. Finally, as the organization becomes more established and reputable, an internal consultancy can generate additional revenue.
A prospective breakdown of revenue streams may look like this:

Milestone 1: 75% Government
25% Rent
Milestone 2: 60% Government
25% Rent
15% Consultancy

Milestone 3: 50% Government
25% Rent
25% Consultancy
Milestone 4: 40% Government
25% Rent
35% Consultancy

The consultancy can also include internal activities that bring guest lecturers that are open to the public for a nominal fee (see LYNFabrikken's BOX).
Corporate sponsorship should not be included as a potential revenue source, even as the UBI becomes increasingly reputable. This is to ensure it does not clash with the artistic push against mainstream and corporate ideals.
In a similar vein, we hope to manage for "revenue risk" by increasingly diversifying revenue streams at each milestone, but not cultivate too many revenue streams during the initiation phases. This is to mitigate the risk that (1) cannibalize from the other revenue streams or (2) create confusion on the potential business plan.

Competitive Advantage

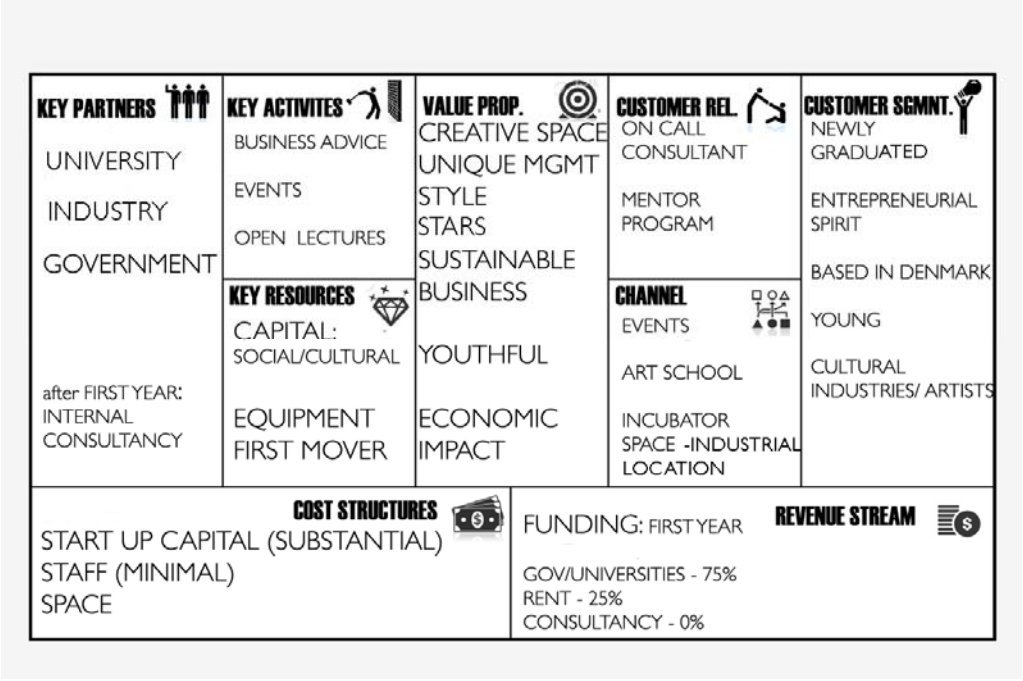
Regardless of the incubators location (creative cluster), there should be a strong gravitational pull from across the world. In saying that, when we look at the competitor analysis of creative incubators around the world, we see a gap in the

Scandinavian market and Oceania.

- Longevity
- Holistic physical incubator
- Link between Industry, universities, and government – the triple helix (Ektowitz, 2000).

The main competitive advantage of this business model is the encapsulation of deeper motivations of the cultural industries, such as the association of a hotbed/ cool; the value orientation through management; and the attractiveness of a positive failure culture through the peripheral services and management styles.

In order for a significant market share to be gained the dense network of loose ties must be established in order to create value through a gatekeeper strategy.



Appendix 2 – Interview guide (incubatees)

Student Interview Guide

Looking at how the student's **value & use the services** offered by Republikken and the program? It is important to see how the education is **effecting their start up process**, and if this **education is different** from others.

1. Clarify on individual project.
2. Where are you in the start up phase of your business/ project?
3. How often are you at Republikken (per week)?
4. How did you hear about the Inkubator?

5. Is this education different? If so how?
6. What has been the most important part of the education?
7. How has your process of starting up been effected by the education?

8. What extra do you gain from being apart of Republikken? Can you give examples?
9. List and then rank the services in order of most importance...
10. What were your expectations of the program? Have they been fulfilled?
11. What have you found unexpected?
12. Can you recount your most valuable experience so far?
13. Where would you be without this program?
14. What's the best and worst about the start up process? (Republikken experience)

15. Can you give an example of how an idea has developed during this process? (Be specific-- who contributed, how did they, when, under what circumstances)
16. What will happen after the 'incubation' period is over? Will Republikken have any role?
17. Who at Republikken has been important to your business development? Who not?

Appendix 3 – Interview Guide (management)

Managers Interview Guide – Rough guide

Looking at the **inspirations** behind Republikken and the **gap** within the market that they fill. To know their unique **definition of incubation** and to identify and clarify the **services offered** by the program.

1. How do you define a business incubation process?
2. What is your role in the incubator?
3. What was the inspiration, need, gap, etc behind the incubator?
4. What kind of incubation models have you looked into (actual incubators?) to draw inspiration for Republikken's model?
5. What is the goal of this incubator?
6. What will the incubatees have at the point of graduation?

7. We have identified certain services offered to the incubatees such as_, are there anymore? Any future services post-pilot program? (What will be Republikken's role beyond graduation?)
8. Through the services offered what do you hope to achieve?

9. Are there thoughts on expanding the incubator? How do you envisage the program in 5 years time?
10. Do you have any co-operation between Universities (schools), Government and industry? In what way?
11. Are there any services or things you'd like to provide that you cannot at this point in time?
12. Imagine that after graduation, only half of the incubatees are successful with their businesses 5 years out. What then?

Appendix 4 - Pratt Design Incubator Observation

Open warehouse space with personalized elements of workspaces, Lots of natural light, office space shared with a few other paid office spaces e.g. architecture guy
all incubates are mid 30's or below. There are sounds of sowing machines, wrapping, talking and there is chatter

2010 company there was lots of chatting and a very distinct effect they had on the space when they were present - energetic, enthusiastic, young, fun vibe

Observed one company over hearing the need for a scale and then offering one, in this particular situation Company A needed to weigh a packed for freight and did not poses one. this was an important issue as the cost was not known, they spoke of buying one. Company B overheard and shared their scale. Company A was gratuitous

Furniture is basic & tailor suited for the needs of each space e.g. individual work desks, work tables, hanging racks (for clothes) mirrors. It looks like some of the furniture brought in form the outside by incubates.

In the centre of the space there is a collective table (lunch/ meeting table) with sofa out door bench and design chairs.

There is a distinct industrial feeling with both the internal and external environment. High ceilings with exposed supporting beams, large 2m windows exposing the northern aspect, providing a lofty space. There is a view of the rusted roof top of the building across the way.

Surrounding area is brooklyn, more specifically Brooklyn Navy Yark, highly industrial area. connects to the symbolism of trendy artist space. Also the rents (usually) are cheaper.

Appendix 5 - Pratt Design Incubator interview

Meeting Diane friday 15/4/2011

Defined research/ problem field and our academic backgrounds.
Design and then focus on business problems.

Similar to product design method in that you create a prototype and refine and refine and refine - Design Process perspective on Business

There is a high failure rate and a positive failure culture - I asked how do you facilitate a positive failure culture??? We need to ask Deb this (Diane coolant answer)

There is a space to embrace questioning - why cant we do that. ideas first and then make ways that we can do it (innovation process)

Diane has been with the incubator for 1 year as a consultant and initially was an incubatee.

They have recently Changed the incubator process - it use to be an organic space - initially used each others networks and have the space a just a space. and extra benefits of access to interns, community and space

Most important are the soft services for creative organizations. They are learning how to use the resources as well as the incubatees are learning how to use efficiently and effectively the resources that they get through funding

In the incubator they have both projects and companies (and alumni).
Originally Deb got an opportunity to start a consulting arm on projects (…grants..)
In the start

Incubatees (apparently) have shared values - there is an underlining thread of sustainability in the designs of the incubatees and is the core value of the incubator.

Appendix 6 - ATT: Studio Interview

Spoke about our project and what we plan on finding out
initially the main focus of the work collective was to create a cheaper space for creative industries and this was the main differentiating factor. started out with two other companies that was in the founders network and knew that these companies would work well together.

Today they have several businesses: iPhone application company, concept developers, urban planning, (in the past) a music studio, musicians, project in the start up of a culture theater centered around women's liberty.
Now have also branched out to other businesses such as sales (hotel rooms), and business development company.

How do the business inside the space interact
Some companies have merged, for example a company that i would regularly contract for the incubators needs as well as ugly duckling consulting, a web developer merged with the iPhone app company. There is a lot of inter sharing of company resources in house between the tenants and there is an in house paying system in place to make it more attractive to use this space as a small company. There are no favors, invoices are sent out but with an in house price.
There is the benefit of interacting with the other companies networks, access to a bigger variety of customers and opportunities.

How is the organization financially structures - sources of revenue?
No funding, Rent from tenants, and also revenue from the studio space that they rent out to external companies, also ATT: studios wishes to also develop the gallery in order to attract more attention and revenue.
It has been hard to find funding for the incubator, even tho there has been a lot of attention from the commune on us. There are a lots of creative hubs starting up in the Malmo area. I think this is a positive thing, and a valuable for the creative culture of the area, but they are in direct competition with us.
These new creative hubs are beginning to pop up with cheaper rates and in industrial warehouse.
We are in the center of Malmo, but for small start up companies i don't think location is key. Cheaper rent is more valuable the a highly central location.
These hubs are located in warehouse type buildings are interesting and *Raw & cool* for creative companies. But also practically as the industry moves outwards seeking

cheaper space, these spaces are rented/ sold at a lower cost and attractive to creative people. But it is important that it is not too far outside from the city.
ATT:studios is a better set up for consultants and business developers in the creative industries, vie made the space nice.

What is the criteria of entry into the collective?
In the beginning when there were no pressures to fill the space we chose 2 - 3 companies that complimented each other. AS the network grew the right people were attracted to the space. When we got more companies in it washed away the benefit of the network in that the network became too big, and that people were renting just for the space and not the network. We need to build up that quality network again.

What are the future development plans for ATT: studio?
Initially it was to have a national and international network of ATT: studio hubs around the world. for example, Berlin, where tenant would have access to berlin's market and network.
Also we wish for our gallery to be more established as an in-house function, even a cafe. NB: Coffice (malmo coffee shop office)

How long are people in the incubator for?
The contract is a minimum of 3 months and some companies only stay for that and move out as a result of closure, others have stayed since the beginning 2.5 y
ears ago, others start of renting a desk then the company grows and they take an office room space, then they consolidate and go back to a one man desk company. The space and the services offered allow for this. This 3 month contract is more risky for the house.

Do you collaborate with state, uni, and/or industry ?
Malmo's incubator is always full so they send excess to ATT: studios.
The green House (malmo) also has an incubator and helps university student start up companies and would send tenants to them, but contacts there have moved on so not sure what collaboration opportunities there are.

Appendix 7 - Republikken observation 1

Identify Signs
Interpersonal interactions
Tone
Volume
Delivery of communication
Space Ambiance and surroundings
Body language and actions of participants
Dress code
Dominant personalities
How are they dominating the space
Key words used
Colours
Light
Mapping of Movement

How do they all relate to each other
Causality and correlation
What other phenomenon exist

Kontrapunkt On Branding – 17 participants on the workshop
9am – 12 noon
Casual dress - Dress – casual – in context of creatives this aligns with previous assumptions.
(except the presenter from kontrepeunkt
Space – Arcitecture school – open light massive power point presentation, natural light, white neutral, Scandinavian, interesting acoustics, one voice carries over the space.
Traditional lecture room environment – presenter and audience… (presentation still going on tho) not much note taking.
Participants – mixture between ages, mostly women (one guy…)
Coffee is available for students –
First question asked – she is just listening and not taking notes during the lecture. She is questioning his classification of brands (Burberry and traditional)
30 mins into the presentation students start to interact with each other more, Nina and Presenter. Spurred by a cola light, zero cola taste testing. Can you really taste the difference?

There is the obvious core group of students (and can notice three distinct groupings. 1(Blondy guy ethinic girl and architect – dominant assertive types – and inkubatees) 2(shy types – two girls who are more quiet and reserved – are inkubatees) 3(brunetts – dominated by the girl who asked the questioning question – others in the group let her assume control of the conversation and states her point …trying to convince the others…not sure if they are inkubatees) 4Last group (slightly older and mature – quite approach to solving the task given, one of the girls short brown hair knew the presenter – other volunteered for the cola tasting – may not be inkubatees)

I assume that not everybody knows each other. How do people sign up for these lectures. What are peoples ambitions and objectives out of this program and this work shop specifically. + to get funding for the Kontrapunkt guy they had to get funding from the textiles faculty and therefore have it at the Architecture school. And that's why not everyone knows each other.

Group work Presentation

1 – blondy takes control – well articulated and carriers her groups thoughts and presents them to the presenter. The presenter responds well to this and is shown through his casual slouching body language and direct eye contact with her. The group was also vocalized by the guy.

2 – the mature lady of the group too the not too willing role of the presenter.

4 – short hair takes the lead – her and her groups actions support the observation previously.

3 – dominant takes the lead… nothing obvious. Looks like she won her group battel of pushing her idea. Christian Dior best brand. Looks from others in the group shows that they done understand or don't agree (similar with her group)

Rivalry between Blondy and Bossy boots (from group3) – when she presents her group work there is a loss of eye contact and attention in the same capacity as when the presenter is speaking.

hahha someone knitting in class. – she is married and one of the older members of the group – one of the textiles students.

Next group exercise

Blondy didn't stand up to present their group work. The three authority figures walked around the room to see it instead. Shows the flat structure of the course and the power held by the student or this particular student. No this because the norm for presenting the teachers would walk around to see the students work.

Presenter – Malena presents - Svante, he works with branding, Maleene has a sweet and neutral voice.

Svante dresses in a suit navy exerting his authority as and on branding) – he gives an international perspective on branding. When stoped to asked for questions no one answered. Over time he relaxed in the presentation the feeling if less formal, he holds a glass as he presents.

During the group work, the presenter is talking about west-wing (maybe I miss understood) they are talking about tv? Conversational shows that he is trying to seek approval and acceptance from the course co-ordinator.

Due to the presence of the presenter it can be assumed that the group are not acting in their usual social dynamic as there are too many external variables that are effecting how they respond to each other.

External variables such as: Location, extra students, me, presenter, away from

Im Questioning the effectivness and the alignment of branding of McDonalds and fast food companies can help them with their creative start ups. Hard to tell if there are any line ups with branding for creative start ups? Make sence for an introduction to branding and market positioning but not sure if it aligns with the educations purpose.

Will see in other observation. How will the students be tested on this? Maybe applying it to their

he engages the students attention most when he starts giving market examples from his experience eg. SAS vs Norwegian

Tone
The tone of the session/ workshop has been democratic in the sense that there is not a competitive nature of the conversation, individuals have a respectful way of negotiation the floor (so to speak) to the point of they would rather raise their hand then interrupt. (not much hand raising tho)
The volume of the discussion was kept low maybe as a result of a female predominant workshop.
The body language of the participants during this workshop have been facing each other and not the front of the room (as the tables in the room have been arranged (4 quarters formation of the tables where 4 people sit)
Mapping of movement – the only movement was done by the presenter and course co-ordinators. So in this instance the lack of movement is what is significant. It further reinforces the student feeling. Once again this can be reinforced or disproved by performing another observation on more familiar grounds i.e. Republikken.

Other Phenomenon
It will be interesting to see the effect of this student/ education form of this service for the incubators. Would it be too costly to have on call advice – we need to look at how much business development happens as a result of this service?
It may make more sense for the incubatees to have a course like structure as they are familiar with the process of learning. But would they benefit more form a practical structure. How does the incubator differ from a typical education course structure.

What stage does the student end the program?

Appendix 8 - Republikken Observation 2

They walk into the room chatting, waving at Nina the facilitator, they all seem to be friends. There is an interesting group dynamics we see the more introvert members of the group to come out of their shells more, contribute and interact. There is laughter throughout the session.

There are drinks (coffee and water) on the table, the table is round and there is a couch in the room with shag rug. Students are sitting on style/ design like chairs. There is mostly natural light in the room, a white board, diagram paper, there is a minimalist feeling of the space clean spaces no clutter and lots of white. There is only two A3 poster in the room (most likely made at Republikken)

The room is small and intimate, the likely hood of a non participatory observation may not hold steadfast as we were noticed and this may of affected the observed behaviour and the natural dynamic of the group.

There is the smell of fresh coffee in the air and the only sounds that filter through to the room is the school next door (as the window was open).
Another interesting observation was that there was only one male. Why is there mostly women?

Students observed during the observation Moa, Ask, Yasamin, Mie, Christel,
And the facilitator Nina. Nina was clarifying comments made by participants, and had a supportive role in the learning process of the incubatees. She directed the discussion of the process. It seemed that the students were familiar with this process

Participants were contributing at will, and the tone was conversational. Participant body language was relaxed and slouchy. For example Christel had her leg folded up on the chair.

Republikken – highly electric style wallpaper in the hallways and some rooms, there is an interesting style to the space – eclectic corners and personable additions made by the tenants.
There are three parts to Republikken graphics – writers – world room – Keps (technical). There are extra services offered by the house such as; quiet room, meeting rooms, upstairs apartment, wifi, unique selection of tenants which constitutes to the greater social dynamic. The uniqueness of the space is also made by the 5 hours per week that the tenants are contractually obligated to spend on the house (events decoration etc)

Appendix 9 - Lynfabrikken Observation

A small, cobblestone side street to a major plaza. The architecture is old timey Danish-- like maybe most of these buildings were built in the 1700 -1800s. If there wasn't a sign it would be easy to pass LYNFabrikken up. It's down into a backhouse off the road.
We walk into the backhouse courtyard. Pack with bicycles. A door placard tells us which stairwell to go into. There are little red polka dots strategically placed along the stairwell, to lead you to the 2nd floor where the cafe/shop is. The stairwell doesn't show any other signs that a shop/cafe is there. It is yellowed-white painted.

We reach the 2nd floor and open a basic, office-type door with no windows to get into the shop/cafe. It is so different from the stairwell impression. The shop/cafe is white, open, light. You walk straight to go up to the cafe counter. A young woman is smiling and working. She's wearing a black tee and has tied-up blond hair. Place around the entrance area, to the left and right and kind of in front of the door is the shop portion.
Designers' goods-- Freitag laptop cases, ceramic cups, graphic pillows, one-off wallpaper, books for sale, journals-- are situated on white shelves and on hip-height white tables.

There a clean, white long tables with similar benches that line two sides of the walkway toward the cafe counter. There are a few round white tables, too. People-- mostly younger, very hiply-dressed people with laptops and coffee or tea cups are sitting working. Upon entering the right wall is mostly windows.
For a gray day, it is not too dark inside. The hanging lights over the tables and the

windows create light.
There is a staircase to the left upon entering. You go up it to a roof terrace that is wooden and big. There are picnic type tables and benches with clay pots upturned for ashtrays. A few older (middle-age+) people on the terrace outside having a chat over cigarettes.

The OfficeHotel is located on the 1st floor. We go in and it is semi-busy with tenants. Two are talking in Danish at the hot water kettle in the small kitchen at the back. There are postings on the walls at certain desks-- look like impromtu mood-boards. Most desks are organized and cleaned up. Some are littered with papers and documents. It is an open space. Chairs and computers vary-- laptops mostly and black office-type chairs, but a few desktops too. It is rather quiet-- besides the chatter coming from the kitchen, the other (half-full) tenants are at work independently. The meeting room is being used. It is nice and bright. White, as well. Three people are in a meeting there.

Appendix 10 - LynFabrikken Interview with Lasse

Inspiration?
3 of us had our own companies; a graphic designer; a ceramic designer, and a band manager/ musician. There was a common trend between us in management and we have had collaborated together on a project/ event but also had our own companies.

Need?
We were all part of this project for Morningside Records-- me with the music, Jeppe with graphic design and then Louise was my girlfriend so she was around and had been talking about finding a way to bring the market to her ceramics. There was segregated office spaces in town but we needed a place for diverse skill holders under one roof, so we could collaborate if we wanted to. At first there was no strategy we were just going along. But now there is and we have a solid concept in place.
The last 5 years the development has been slow. 2003 rethinking as the concept was not working. There were not enough synergies; the tenants in the space only rented the space for the physical attributes and not for the social dynamic and the concept was not believed in.

A way in which we tried to resolve the bad vibe in the place was with in 2005 setting up a café. We needed visitors and not 'secrets' being done behind closed doors. Then made an 'open space', where we had a showroom, wifi and the cafe.
We didn't set a budget but all the business staff fell into place there fore we had to set cash aside to run this. We had our first excel sheet in 2006/ 2007.

Now?
We are set up in mid Jutland [Denmark] and other municipalities have asked for us to help do something similar to Lynfabrikken. The role that we will have in this would be inspirational, were are not trying to replicate Lynfabrikken.

Funding?

From the get go there was no funding and we relied of private money and the revenue from rent. The first year I used my SU [student allowance] and Jeppe had a real daytime job on the side.
We were quite idealistic about it all we wanted to do it because we believed in it. Idealism is what carried us through the first 5 years.

Now we have 3 sources of funding. We do commercial stuff-- that's our consultancy (mid-Jutland) and revenue from 35 renters, also the revenue from the cafe and lectures [LYNtalks] that cost 50 Danish Kroner to come to for the public.
We have 4 sponsors, some are just as collaborations and others are full sponsors. Some of them contacted us wanting to get associated with us or liked what we were doing and wanted to support us. Others we went out to contact. It's a personal meeting when we go out to meet potential sponsors-- we *still* don't have any business docs except for required stuff like budgets for the bank and Skat [Danish tax department]
Really? No business plan, for example? Sponsors don't ask to see this?
No-- no business plan. Honestly, they don't care about it. They like us and our concept for the energy, the vibe, the mission.
They get exposure among creatives, others get get more membership (like the unions that sponsor us-- HK, TL that are for designers and craft people). They also want to develop content for their members through out LYNtalks and make deals so that their members can get free entrance.
Then, we get grant money from the Danish Art Council-- we have to reapply for this, so it's not guaranteed, but they haven't denied us yet.

Do you know about Republikken in Copenhagen?
Yeah, we know them. We don't do formal collaborations with Republikken but we do use their space-- like we come over and host our LYNtalks at their place. We're doing one this Thursday, by the way.

Do you have interest in exanding the LYNFabrikken concept to Copenhagen?
No. You can't replicate the vibe or energy. It's not possible-- that's why we say we will consult other municipalities in doing something but not be part of trying to replicate it elsewhere. Plus, Copenhagen has Republikken and SoHo House in Koedbyen [Meat Packing District].

Can you tell me a little more about your sponsors?
Yeah-- we have private ones that are under 1 year contracts. October 15th is the recontracting deadline so that is 'stress' month. We need to have in place our 'plan' for next year to give to the Danish Art Council to get our grant renewed. The grants we get are project based so we have to give them an outline of the things we hope to accomplish.

What is the BOX?
That's our non-profit part (and also the LYNtalks are part of that accounting). It is basically a box window display on the street, Vestergade. We showcase different designers' and artists' work. BOX and LYNtalks are not turning a profit, but they are added value-- they attract more people to our space and also increase knowledge.

What's the OfficeHotel?

It's the workspace. Tenants are welcome as long as they like-- it's not an incubator where we try to build or grow companies and then set them free. Some people stay 5-6 years, some only 1.
For 3,000 Danish Kroner/month you get the space, insurance, internet, kitchen access, copy machine use, telephone lines, meeting rooms, 50% off in the cafe, a contract in the shop part of the cafe, a web profile that shows their story. Tenants bring their own chair, computer and food.
We don't give business support or advice-- I don't know anything-- everyone else's business is unique to them; I don't believe in giving out standardized advice. I'm a former musician who got lucky running a business. That's it.

Average ages?
We have 50 + years, 40-somethings. And, younger ones. The older ones have much more experience in work or even life in general-- this is good for potential mentors for the younger tenants-- and sharing knowlege and wisdom around.

Why do tenants leave, normally?
Maternity leave or success problems, normally.

What are the soft or intangible services tenants get out?
Well, our network is a good thing. But the key is chemistry. Older tenants give help to the younger ones, for example.

Chemistry? How to you get that chemistry?
First--- having an open platform to the public says "we want to share; we want you to come with your laptops, energy, etc. We're not just after your money."
You have to put focus on your relationships; don't focus on the walls , but each other and your business.

Application/entry process?
We need to meet with you and get a sense of your energy. It's me and Jeppe who decide-- not based on a waiting list but on energy, and diverse skills or businesses getting together. Mostly tenants are from the design, architecture, or communication areas-- there's a link to design in some way. We even have a guy who does creative leadership as his business. We look for complimentary businesses.
And, the vibe of the person-- a lot of our tenants become friends.

Goals for LYNfabrikken?
Well, we're 2 directors right now. I think we need to expand the space physically; also to house maybe 2-3 person small businesses, not just freelancers. We need 400-600 more square meters. So, maybe in 1-2 years we need to build this building up.
We also want a bigger gallery and workshop space.

Also, we want to increase our international activities. We've got a concept: giving talks, exhibitions, etc. at design symposiums around the world. Also, maybe start doing video podcasting our LYNtalks at full-length, and producing more and more content to the web.

Appendix 11 - BarcelonActiva Observation

Located in the newly trendy area of Barcelona, the old textiles industrial land scape. The area has many warehouses and open spaces.
Organization has been here for 25 years, would have been interesting to see the area during the period that they moved in (after some research this could not be recovered).
The entrance of the central hub had a list (of logos) of the companies that have been corporate sponsors and donated to the running of BarcelonActiva. These were predominantly multi-corporate organizations in the tech industries and consulting, and government bodies.
The first sight of the interior was of a very open space where a large area was dedicated to a library, helpdesk, computer terminals and working stations. An instant visual comparison could be made from a library and the sense that this space was public was inherit in the way that these physical attributes were arranged so that there was a wide and inviting space at the entrance. Upper levels were dedicated to office space and conference/ seminar rooms.
Natural and fluorescent lights made up the light in the space.
Colours used in the physical and structural artefacts within space were red, grey and white, the colours of BarcelonActiva's logo.
Our Guide Marco Sana, was wearing a blue velvet jacket and plaid pants, he looked significantly stylish and took us throughout the whole area.
The incubator office space were grey empty office spaces with one window and one door. They all were the same size and on each floor (3 floors in total) has a kitchenette and toilet. The space was highly standardized and not visually stimulating in the same way the entrance and library area was.
A wide mixture of companies was present in the incubator space at the time of the observation. Industries such as technology, creative, logistics, consultancy, media and digital agencies, to mention a few that were observed on the day.
The noises heard in the space were echoes from the large open space and hard open surfaces. There was a quiet and professional environment and no loud interactive conversations.
Our guide was a highly helpful and a feeling of being welcomed. Most of the people we saw were dressed informally. Interestingly we didn't see lots of people in the space. Not all the offices were occupied, and the hallways were not congested.

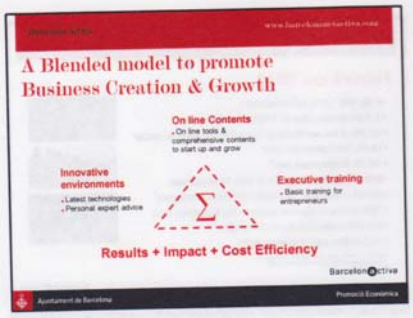
We observed a meeting room where Marco explained that this is where a free coffee and a light breakfast is served each week as a way in order for the incubatee's can mingle and share their problems.

Appendix 12 - BarcelonActiva Meeting


Barcelona Activa
Entrepreneurship
Businesses
Employment
Human Capital
Cibernàrium
The Local Development Agency of the Barcelona City Council
Barcelona 2010
•A city with 1,615,908 inhabitants
• A metropolitan area of 4,928,852 inhabitants
• 82.9% of the workforce employed in the services sector*
•15.4% Unemployment rate*
• 66.8% Employment rate*
•66% companies employ less than 10 employees
•50,000 employees ITC sector (6% total employed)
• 12% of jobs in creative sector in the Barcelona area
•226,000 students in the 8 Universities**
• 12,5 million tourist overnights***
Micro businesses. Service sectors.
Barcelona's Transformation
2009
90s and 90s
Unemployment rate
15.4 %
1986: 21%
Industrial employment
12%**
1981: 41%
Employment in services
82.9%**
1981: 52%
Attractive European City
4th ***
1990: 11th
Tourism Economic Weight
14%
1991: 4%
Barcelona Activa's mission
To foster the transformation of Barcelona through entrepreneurship, business growth, innovation, human capital, professional opportunities & quality employment.
Develop Human Capital
Training / Labour insertion.
New emerging industries.
Barcelona Activa's Activities
Activity areas
Digital culture
Promotion of Innovation & Creativity
Business creation
Business Growth
Access to quality employment
Management of Human Capital
Interactive map.
Assets.
Online content.
Innovation & entrep.
Executive training.
A network of specialised amenities
1

facilities are open & mixed with courses & entrepeneurs

- creatives - how do they differ from
- feasability. → loans, subsidies.
15% of TR projects.



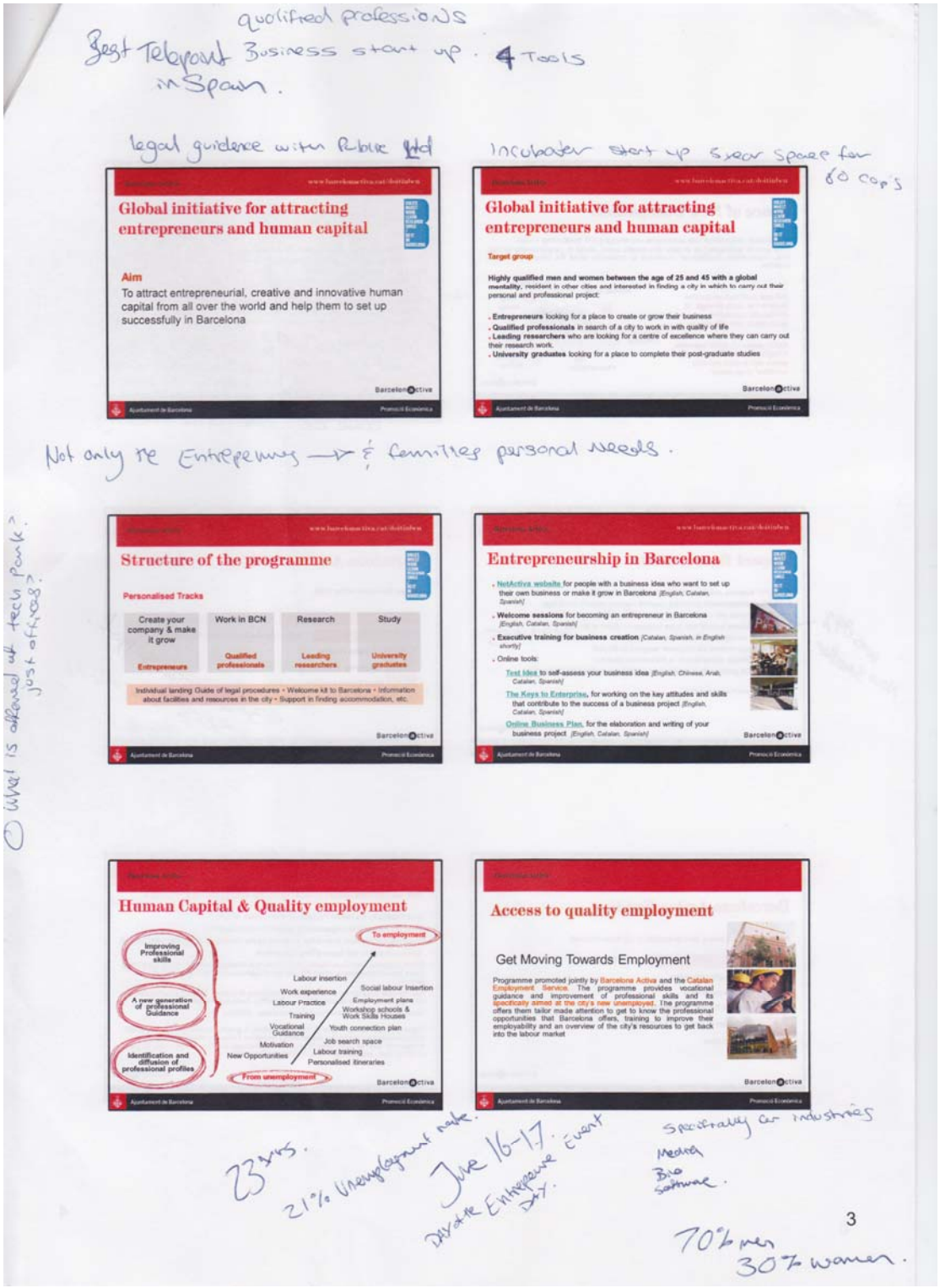
Networking Events - Funding.

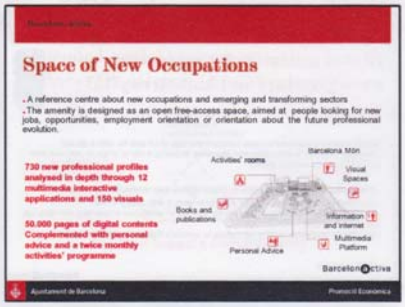
RENT $ 5 DAY TRIP GLOBAL NETWORKING - $
REST IS FREE.

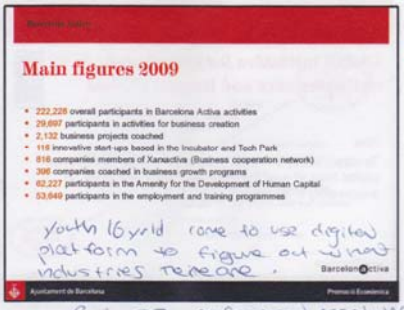
ASSES TO FUNDING -- INVESTOR SEMINARS.
Business Angels, Economic commission.

R&D -

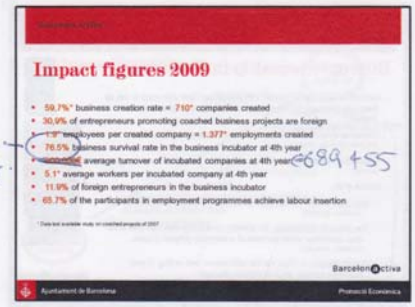
2


qualified professionals
Best Telepoint Business start up. 4 Tools in Spain.
legal guidence with Public Hall
Incubator start up space for 60 cop's
Global initiative for attracting entrepreneurs and human capital
Aim
To attract entrepreneurial, creative and innovative human capital from all over the world and help them to set up successfully in Barcelona
Global initiative for attracting entrepreneurs and human capital
Target group
Highly qualified men and women between the age of 25 and 45 with a global mentality, resident in other cities and interested in finding a city in which to carry out their personal and professional project:
. Entrepreneurs looking for a place to create or grow their business
. Qualified professionals in search of a city to work in with quality of life
. Leading researchers who are looking for a centre of excellence where they can carry out their research work.
. University graduates looking for a place to complete their post-graduate studies
Not only re Entrepeneurs → & families personal needs.
What is offered at tech punk? just offices?
Structure of the programme
Personalised Tracks
Create your company & make it grow
Work in BCN
Research
Study
Entrepreneurs
Qualified professionals
Leading researchers
University graduates
Individual landing Guide of legal procedures • Welcome kit to Barcelona • Information about facilities and resources in the city • Support in finding accommodation, etc.
Entrepreneurship in Barcelona
. NetActiva website for people with a business idea who want to set up their own business or make it grow in Barcelona [English, Catalan, Spanish]
. Welcome sessions for becoming an entrepreneur in Barcelona [English, Catalan, Spanish]
. Executive training for business creation [Catalan, Spanish, in English shortly]
. Online tools:
Test Idea to self-assess your business idea [English, Chinese, Arab, Catalan, Spanish]
The Keys to Enterprise, for working on the key attitudes and skills that contribute to the success of a business project [English, Catalan, Spanish]
Online Business Plan, for the elaboration and writing of your business project [English, Catalan, Spanish]
Human Capital & Quality employment
Improving Professional skills
A new generation of professional Guidance
Identification and diffusion of professional profiles
To employment
From unemployment
Labour insertion
Work experience
Labour Practice
Training
Vocational Guidance
Motivation
New Opportunities
Social labour Insertion
Employment plans
Workshop schools & Work Skills Houses
Youth connection plan
Job search space
Labour training
Personalised itineraries
Access to quality employment
Get Moving Towards Employment
Programme promoted jointly by Barcelona Activa and the Catalan Employment Service. The programme provides vocational guidance and improvement of professional skills and its specifically aimed at the city's new unemployed. The programme offers them tailor made attention to get to know the professional opportunities that Barcelona offers, training to improve their employability and an overview of the city's resources to get back into the labour market
23 yrs.
21% Unemployment rate.
June 16-17. Day of the Entrepreneur event
Specifically our industries
Media
Bio
Software.
70% men
30% women.
3



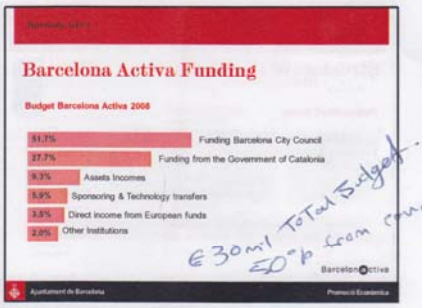


Gate 22. professional coaching.

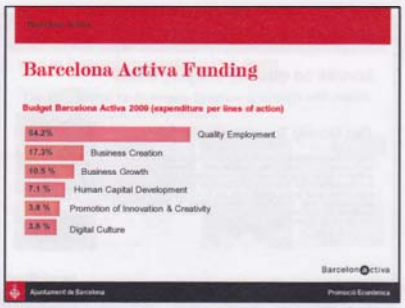


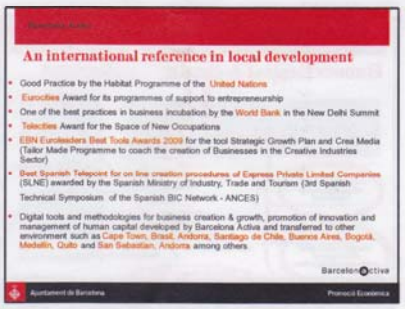
was 84% Now smaller.

689 + 55



€30mil Total Budget. 50% from condi





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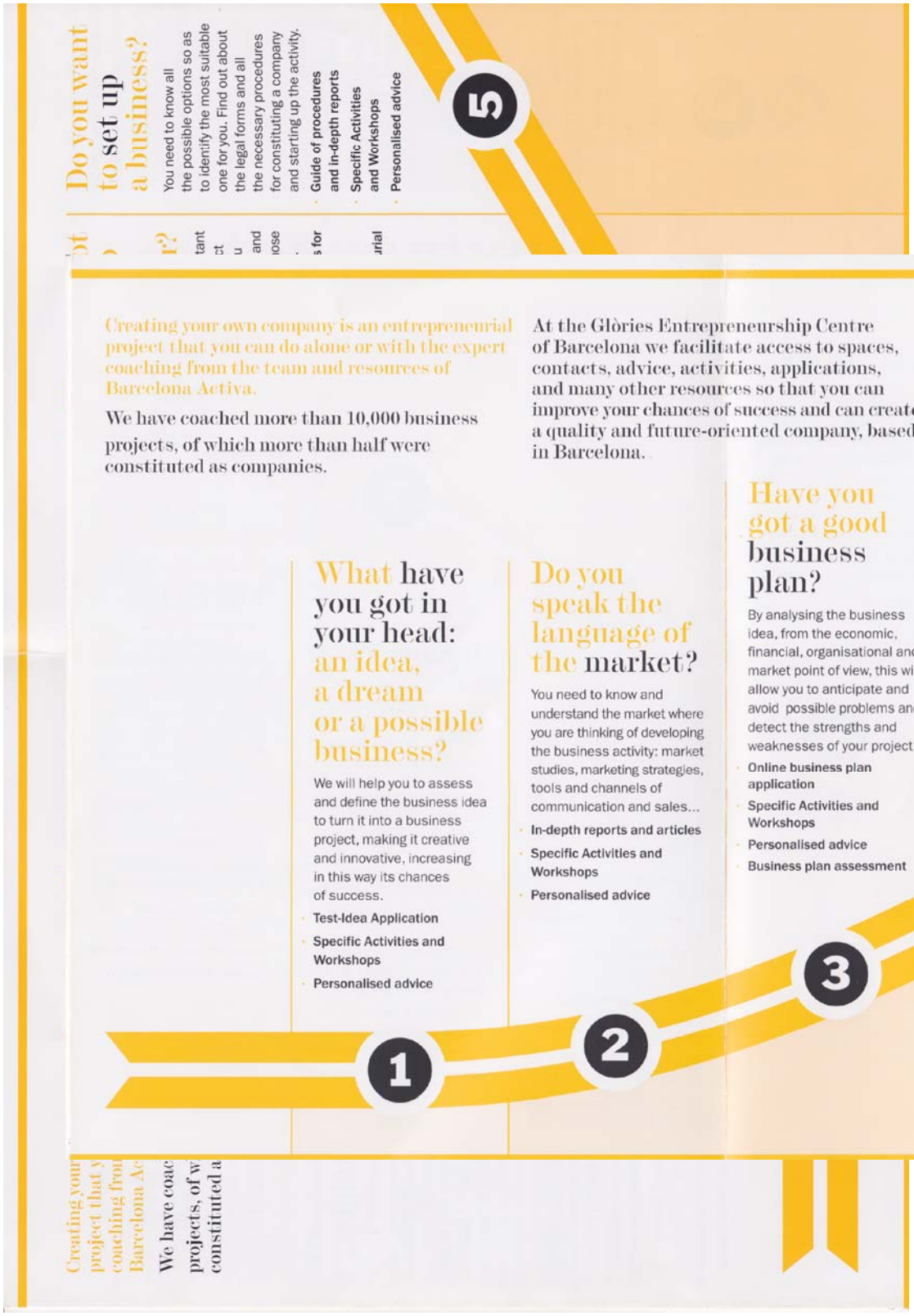
Appendix 13 - BarcelonActiva Incubation process



Appendix 14 - Creative Enterprise Interview

1) *How does the physical space adjust to accommodate the diverse/dynamic needs of the incubatees?*

We have a range of differing spaces for creatives so have creative studios with film/TV editing suites for screen businesses, a creative work room environment for fashion businesses with technical equipment (machinery, pattern cutting tables etc) and also differing size spaces from a 'hot-desk' facility to smaller studios for 1-2 people (12 m2) up to larger suites of 125 m2 that can accommodate up to 30 people.
Are incubatees allowed to or encouraged to make a personalized mark on the space?

All Incubatees get the opportunity to make their space feel like home – whether through redecorating walls, moving furniture, bringing their own equipment etc. As long as they are okay to return back to its original condition, they can do this – plus getting any major works (taking out walls etc) approved by us.

2) *What sort of access to business angles/VC/funding opportunities do your incubatees receive?*

All our clients get the opportunity to access our networks for VC and angel support – if they are ready. We provide regular mentoring to help them become 'pitch ready' and put a lot of work into getting them to raise capital. We have access to expertise through our mentors to help them through this pathway also.

3) *What are the admission requirements/admission processes to become part of your incubator?*

Please see details as below:

Entry & Graduation Requirements

The **entry requirements** for CEA are summarised as:

1. Creative Industries business focus[1] in sector including:

Advertising; Computer Services; Design; Designer Fashion; Film & Video Games; Interactive Software; Music; New Media ; Publishing; TV & Radio

2. A motivated and capable entrepreneur or enterprising management team;

3. A viable business concept within the creative industries sector by developing or commercialising innovative new products, processes or services based on own proprietary intellectual property;

4. A growth-orientated company in start-up or development phase, but incorporated for less than five years.

5. Close to market with the ability to compete in a clearly identified market;

6. Evidence of adequate finance to sustain your business during start-up and/or growth phase;

7. A commitment to the ethos of CEA to foster collaboration with QUT, partner education institutions and industry;

8. Willingness to participate in evaluation services surveys to provide financial, sales and employment information which are necessary to measure effectiveness and impact of QUT Creative Enterprise Australia's mentoring programs and facilities. [2]

The **'graduation' requirements** for CIEC are based on:

1. Businesses understand that after two years in the CIEC, it is envisaged they will consider next stage facilities. Under exceptional circumstances, companies may apply for up to a one year incubation or accelerator extension to demonstrate their next phase of development.

2. Companies can access ongoing business accelerator initiatives offered within QUT CEA once 'graduated' from the CIEC;

3. Willingness to participate in CIEC evaluation services surveys following graduation for up to 3 years to provide financial, sales and employment information which are necessary to measure effectiveness and impact of CEA mentoring programmes and facilities. [3]

2. Selection Process

The selection process is based on the following process:

Initial contact: get in touch with CEA by email or phone at any time to for an initial discussion and to provide an outline of your business venture;

Short-listing Process: companies which fulfil the entry requirements for the CIEC will be invited to submit final application form. At this stage, the CEO may clarify any issues or request additional information. The final application form will be reviewed and put forward to the panel for the last stage of the application process.

Final Application: short-listed businesses will be invited to attend a short interview and prepare a presentation 'pitch' which summarises their case.

Steps	Activity	Typical Timefram
1	Written application received by QUT CEA following discussions to assess suitability and fit with CIEC.	
2	Selection Panel organised and conducted 2 –3 weeks from receipt of final application.	2-3 weeks from rec
3	Recommendation made to QUT CEA Board to offer space within CIEC or not.	Decision within 5 v
5	Legal contracts drawn up and given to business based on services requirements.	Contracts ready within 5 days of de

6	Contracts concluded	Allow 5 days for business to conside
7	Upfront deposit fees paid	ASAP
8	Business moves in	2- 3 weeks from Panel decision

4) *Finally, we are especially intrigued with the creative industry phenomenon that its products are 'high risk'/failure-prone. Is there anything you do, at CEA, to support incubatees through a 'rough patch' or weather a failure?*

Interesting question! We just try to make sure that there is a resilient business model behind their concept so it is not all about 1 idea or 1 project. We also encourage them to carefully manage their cash flow as this is no doubt the greatest barrier to many businesses so they need to make sure they have sufficient operating capital to meet their obligations to ride out those rough patches. But it isn't easy which is why we introduced our loan fund to help overcome some of these challenges.