

# CREATIVE INDUSTRIES STRATEGY

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2014 - 2019



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean




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## CREATIVE INDUSTRIES STRATEGY

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### ACKNOWLEDGEMENT

The development of this Strategy has been undertaken with the expert advice of Andrew Senior and Tamsin Bailey of Andrew Senior Associates.

## THE VISION

To establish a vibrant, competitive and sustainable creative economy in Scotland's Highlands and Islands, which builds upon the energy and traditions of its remote, rural communities and its global connectedness.

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### CREATIVE INDUSTRIES STRATEGY

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## THE BRIEF FOR A CREATIVE INDUSTRIES STRATEGY FOR THE HIGHLANDS AND ISLANDS OF SCOTLAND

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In creating a brief for the development of a new five year strategy for the creative industries, Highlands and Islands Enterprise (HIE) sought to establish 'a coherent, dynamic and ambitious vision over the next five years', which would build on the progress to date, reflect the changing business environment within which the creative industries operate, and 'provide an economic rationale for which subsectors HIE should focus upon, based upon greatest return on investment for the region'.

This approach reflects the evident success of the current support programme (see page 5) and the need to build upon this success with a new strategic approach; a strategic approach that is clearly developed and articulated against a coherent Vision, and that directly addresses the economic development objectives of HIE.

The need to maximise returns on investment and to obtain value for money were clear and appropriate objectives but, in the context of a creative industries strategy, the need to move quickly, the need to innovate, and the need to take risk by creating new approaches, was

also understood. In the context of a coherent strategy, better use of existing resources and more robust economic data, that reflected and responded to the nature of creative businesses and the ecology of the creative economy, were recognised as critical.

The brief also posed a number of specific questions about HIE's approach in the future, all of which are addressed in this Strategy through the proposed Aims, Objectives and Interventions. [More about the Brief and how each of HIE's questions are directly addressed in this Strategy can be found in Appendix B.]

In September 2013, the leading international creative economy consultancy Andrew Senior Associates (ASA) was appointed to respond to the brief and to create a Vision and Strategy for the development of the region's creative industries through 2019, and beyond. Delivering this Vision is understood to be a long-term and on-going process, with Aims and Objectives that will be achieved in the short, medium and long-term, through interventions that will interact with one another to create a coherent, relevant and dynamic programme of engagement.

# To establish a vibrant, competitive and sustainable creative economy in Scotland's Highlands and Islands, which builds upon the energy and traditions of its remote, rural communities and its global connectedness.

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### THE VISION

DISC\* creative businesses will be the principal beneficiaries of interventions, as they are entrepreneur-led and have the capacity to deliver growth.

#### DISC CREATIVE BUSINESSES ARE:

**Dynamic** in that businesses are fleet of foot, retaining the flexibility to respond to change and an environment within which business models are rapidly adapting.

**Innovative** in that the content and services offered by businesses seeks to both reflect and pre-empt consumer needs and demands.

**Sustainable** in that businesses are profit-oriented and seek to deliver a surplus that can be reinvested in capacity and innovation, whilst ensuring an appropriate return for (private and/or public) investors.

**Competitive** in that business effectively responds to the critical market issues around price, time and quantity, without diminishing economic value by compromising on quality.

\* The DISC concept has been developed by Andrew Senior Associates

#### THE VISION HAS THREE OVERALL AIMS:

- To build the region's profile and reputation as an exemplar for the successful development of the creative economy in remote, rural regions.
- To support emerging and established creative entrepreneurs with the aptitude, flexibility, tenacity to build dynamic, innovative, sustainable and competitive (DISC) creative businesses within the region.
- To leverage more from existing assets and activities, to ensure the most appropriate support for creative businesses is provided across the region and to ensure that HIE sees an appropriate return on its investment.

These are to be achieved by addressing a series of Objectives, which will be done through a range of Interventions. This process is described in more detail in Section 5. The Objectives are aligned to ensure the successful implementation of this Strategy and the realisation of the Vision.

#### IN DEVELOPING THIS VISION HIE HAS RECOGNISED THAT:

The Vision is focused on ensuring the development of the region's creative industries in commercial terms. However, it is inherent within the approach that the sector's ability to deliver other returns – social, educational, environmental, cultural and artistic – should both be valued and seen as important and valid areas for development alongside commercial objectives. Indeed the other "returns" can open up commercial opportunities.

The sector's 'supply chain' effect must also be recognised so as to ensure the greater competitiveness of other sectors – for example: tourism, food and drink, manufacturing – that are of regional economic significance. A vibrant creative economy supports businesses in other sectors through the goods and services it provides, the entrepreneurial culture it generates and the dynamic and forward-thinking image it projects to the rest of the world. Highly creative businesses, which are responsive to the market, can help other businesses to design better products and services, and market them more successfully. Furthermore, as an integral part of a well-developed cultural sector, creative businesses play a critical role in attracting inward investment.

Creating an environment that is attractive to young people – in which they can pursue their careers, develop friendships, have fun, build businesses and raise families – is critical for the on-going development of the Highlands and Islands. The region must retain young people and be welcoming to both returnees and incomers, and the creative industries will play a critical part in both creating that welcome and providing those career and business opportunities. As 'first movers' in the use of technology, young people must be an active part of the ongoing delivery of this Strategy, to ensure that its delivery remains future focused.

HIE must lead regionally, setting out a strategic framework within which local authorities, and other local and regional agencies, institutions and businesses can respond by building their own strategies, interventions and business models. Most of the interventions recommended within this Strategy can only be delivered through public and private sector partnerships, and in many cases the role of HIE will be to support others in ensuring effective development and delivery.




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CREATIVE INDUSTRIES STRATEGY

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## BUILDING ON HIE'S RECORD OF SUCCESSFUL ENGAGEMENT

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Since 2010 HIE has undertaken a strategic programme of support for the region's creative industries. The programme has had notable successes and has been developed in response to economic development opportunities.

In 2013 HIE commissioned an evaluation of its support for the creative industries which highlights the strength of the current approach, particularly through a series of industry trade networks. This work, in particular, has delivered significant growth in terms of jobs and financial returns, and has made crucial strides in delivering international partnerships and networks, helping put the region on the map as a creative centre.

EKOS's Evaluation highlights these key successes from the current HIE programme:

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**Impacts to date (2013)**

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**INDUSTRY NETWORKS**

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Net jobs	140
Net turnover £m	£1.9
Net GVA £m	£3.7
Cost per net job	£11,803
ROI	6.2:1

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### KEY SUCCESSSES FROM HIE SUPPORT PROGRAMME (2013)

**279** JOBS      **9.5m** GVA

## OVERVIEW OF THE STRATEGY

This Strategy builds upon HIE record of innovative support for the development of the region's creative industries and the recommendations of the recent evaluation of HIE's current creative industries programme. It specifically responds to HIE's brief for the creation of a new five year strategy for its support for the sector.

It also reflects an analysis of key regional opportunities:

- Innate creativity and an aptitude for innovation, which underpin the sector's strength and potential.
- Significant investment in broadband technology that will shortly see over 84% of the region's premises digitally connected through state of the art fibre optic services, that will empower individuals and communities and radically alter the digital landscape within which all of the region's businesses today operate.
- A richness of cultural offer stemming from the region's different communities and the traditions of those communities.
- The region's geography and demographics; current and proposed approaches make the region a potential model for the development of other remote, rural regions globally, presenting new opportunities for building new international partnerships.
- HIE's commitment to and track record of successful support for the sector.

This Strategy represents a step change in support for the creative industries in the region. Currently there is a lack of in-depth research on the sector in the Highlands and Islands. Additional research has been identified that will be prioritised, allowing new approaches to be piloted in the first two years, to inform and shape delivery in 2016-2019. This will ensure that effort is focused on the sub-sectors and on the creative businesses with the greatest growth potential. The Strategy introduces new approaches to providing business support, and adjustments to current approaches, specifically designed to increase growth in international (including UK and EU) markets, to increase the profitability of businesses in the sector and to achieve a greater economic return for the region beyond this sector.

The importance of Equal Opportunities is reflected in the Strategy, both directly and in the context of each intervention.

The Strategy proposes that a communications plan be created to support its delivery, together with an on-going evaluation.

The Strategy is structured around the Vision, which is reflected in a series of Aims against which a series of Objectives is articulated. The Interventions are mechanisms through which the Strategy will be delivered, the Vision realised and the Aims and Objectives achieved.

**VISION**



**AIMS**



To realise the Vision, HIE must achieve three overall Aims:

- Build the region's profile and reputation as an exemplar for the successful development of the creative economy in remote, rural regions.
- Support emerging and established creative entrepreneurs with the aptitude, flexibility and tenacity to build dynamic, innovative, sustainable and competitive (DISC) creative businesses within the region.
- Leverage more from existing assets and activities, to ensure the most appropriate support for creative businesses is provided across the region and to ensure that HIE sees an appropriate return on its investment.

Within the context of each Aim, a series of Objectives has been identified. Delivering these is critical to achieving each Aim. Objectives are set out from page 13.

A wide range of Interventions – all practical activities – have been developed to deliver the Aims and Objectives. These range from the development of new metrics to more effectively target and evaluate support for the sector, increased research on the business base in the region, development of two new networks focusing on digital activity and design, as well as increasing internationalisation through new development models.

The following seven Interventions are immediate priorities:

- **Develop New Metrics:** This intervention will develop a more effective set of metrics for measuring the contribution of the creative industries to the economy of a remote, rural region, thus providing a basis for on-going measurement of the impact of interventions and the identification of potential areas for future investment.

- **Internationalisation:** Internationalisation is critical if the commercial potential of the region's creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change. This Intervention will build on existing work.
- In order to leverage more from the investment, and in recognition of a transition to a broad industry event, it will become XPONORTH. With partners HIE will work to make this the "go-to" creative industries event in Europe.
- **Design Services Network:** A new network that will support the development of design services in the region, whilst also developing the local market amongst existing businesses from other sectors.
- **Digital technology development support:** Focused towards medium- to long-term return, this new quasi-Trade Network will support the development of an environment within which the local digital media sector can emerge and grow.
- **Creative Economy Champions:** A new network of leading figures in the creative industries internationally, whose understanding of the creative economy and its sub-sectors can be harnessed to support and proselytise the delivery of the Strategy and the Interventions.
- **Digital Engagement in Strategy Delivery:** A new event and tool in strategy delivery that harnesses the knowledge and experience of creative entrepreneurs in a dynamic, digital conversation that also engages the future-focused perspectives of young people. This tool will test the strategy against the experiences and aspirations of the current and future creative business community that it must serve; in ways that will inspire creative entrepreneurship and build a greater understanding of the potential of the region's creative economy.

## OPPORTUNITY ANALYSIS

Information about the methodology deployed in developing this Strategy and the analysis of information is provided in Appendix D.

## ABOUT CULTURAL DIVERSITY

UNESCO's 2005 Convention for the Protection and Promotion of the Diversity of Cultural Expressions is the international convention that defines cultural diversity.

For more information see Appendix E.

## ABOUT REMOTE, RURAL, REGIONS

Realisation of the potential of the creative industries in remote, rural regions has been overlooked. HIE can show global leadership, build reputation and deliver growth.

For more information see Appendix F.

## ABOUT CREATIVE BUSINESSES

Building wider understanding of how creative businesses create value, how they grow, what drives that growth and the wider ecology of the creative economy are critical areas of knowledge and skills development if this Strategy is to be comprehensively and effectively delivered.

For more information please see Appendix G.

**OBJECTIVES**



**INTERVENTIONS**





## A PHASED APPROACH

The five years of the Strategy will involve a transition from the current support programme to this new strategic approach. This will be based on sound evidence and research leading to carefully targeted support designed to catalyse a dynamic, growing creative industries sector.

This will not mean that there is a lack of practical activity from the outset. Instead, in Phase 1, existing programmes will be reconfigured to deliver to this Strategy and new approaches will be piloted and refined to ensure that they provide the most effective use of public funds.

Critical amongst initial activities will be the development of better metrics that will underpin understanding of how creative businesses organise themselves, develop and grow, and against which the impact of this Strategy can be measured.

The planned Next Generation fibre optic broadband roll-out is critical to ensuring this Strategy's support for the region's creative industries. A pilot phase will allow new creative industries interventions to be trialled before their roll-out to a wider client base.

This approach can also support HIE's efforts to raise awareness and stimulate demand for high-speed broadband as the fibre connections are rolled out.

### PHASING THE STRATEGY

**Phase 1** (April 2014 to March 2016) will involve on-going delivery, research and piloting of new approaches. This is about preparing HIE itself for the task in hand:

- Building capacity and understanding within the HIE network to provide more effective and better targeted support to creative businesses; and
- Testing the viability of new approaches.

During the initial 'preparatory' phase, HIE will work with its partners, notably UHI and local authorities, to align their activities with the Strategy, and to build their capacity to deliver the Vision together.

**Phase 2** (April 2016 to March 2019) is about achieving the maximum return for investment:

- Delivering targeted support using innovative approaches which have been tested;
- Making better use of existing partnerships, networks and assets for the benefit of the creative industries and the region's economy as a whole; and
- Future partnerships.





## PRIORITISING INTERVENTIONS, PARTNERSHIPS AND INVESTMENT

The delivery of the interventions is dependent on adequate resourcing. Strengthening existing partnerships is essential (e.g. Glasgow School of Art, University of the Highlands and Islands). Many of the new interventions will require the development of new partnerships e.g. Innovate UK.

Most of the new Interventions require either an initial feasibility study or external commissioning, so that pilots can be run during the first Phase of this Strategy. Appendix I contains a detailed description of each proposed Intervention, together with a rationale and anticipated outcomes. Appendix H includes more detailed information about our recommendations for the prioritisation of activity across the first Phase of the Strategy.

### IMMEDIATE PRIORITIES:

- Ensure business as usual for the industry Networks and XPONORTH.
- Commission the development of New Metrics and, in the interim, agree targets and evaluation processes that genuinely reflect the ways in which creative businesses deliver economic return.
- Begin process that will streamline HIE business support mechanisms with the industry networks.
- Inform partners about the Strategy and consult partners and potential partners regarding their partnership in its delivery.
- Initiate the development of key new Interventions, particularly:
  - Creative Economy Champions
  - Design Services Network
  - Digital Engagement in Strategy Delivery
  - Digital Media Development Support
- Undertake feasibility studies for other prioritised interventions.

**Appendix I** provides more information about each individual Intervention, including a rationale and projected outcomes.

**Appendix H** provides more information about the prioritisation of Interventions and how they achieve Objectives and Aims.



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## CREATIVE INDUSTRIES STRATEGY

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# COMMUNICATIONS

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A communication strategy is needed to position the creative sector as a driver of economic development in the Highlands and Islands, delivering business opportunity and highly skilled and well-paid jobs. Achieving greater recognition of this, by both businesses and the wider public, will influence political decisions and continue to build the region's reputation as a creative economy.

The interventions delivered through this Strategy offer opportunities to promote the region through its creative economy, helping to attract inward investment and support local creative businesses in their efforts to develop new markets and grow. In particular:

- Celebrating success,
- Research,
- Innovation,
- International campaigns,
- Public-Private sector partnerships.

The nature of the communications will need to reflect the positioning this Strategy seeks to achieve, making effective use of a variety of media, social and other networks to achieve effective, well-designed communications which showcase local creative talent.

**Celebrating success:** The Creative Industry Awards and Creative Economy Champions will raise the profile of successful local creative entrepreneurs and applaud their achievements.

**Research:** New research findings will be published and the biennial conference publicised to show how HIE is leading the debate on support for the creative economy in a remote, rural region. Case studies will show how investment is delivering commercial returns.

**Innovation:** The Highlands and Islands will be presented as a place of opportunity, reflected in HIE's preparedness to take risk and to innovate e.g. Youth engagement in digital delivery, OUTWITH network, and XPONORTH – Europe's go-to creative industries event.

**International campaigns:** Partnership working will promote creative business collaboration, profile and activity in new markets. The EU-funded project will offer profile-raising opportunities.

**Public-private sector partnerships:** Projects delivered through strategic alliances (e.g. with Technology Strategy Board) will provide opportunities to raise the profile of the region's creative businesses.

## EVALUATION

This Strategy aims to achieve higher returns for investment from existing activities (such as Industry Networks, Regional Strategic Investments, Account Management and other business support mechanisms) and also outlines a number of new interventions, some of which require feasibility assessment and testing prior to wider roll-out. It is therefore vital that effective and proportionate systems of monitoring and evaluation are introduced to ensure that the effectiveness of these measures can be tracked.

The EKOS Evaluation (2013) recommended that: 'processes for project appraisal and target setting should be improved, and future funding support for the networks should be outcome focused, specifying a range of clear economic outcomes rather than outputs as a means of focusing activity appropriately. New agreements should also include a requirement to improve monitoring and reporting processes.'

This Strategy covers a period of transition, during which there will be vital research and piloting of interventions, strengthening existing mechanisms for interventions and trialling new ones. There will be a step change in the level of support for the sector, which will be more strategically focused and targeted to suit the nature of creative businesses and how they achieve growth. However, some of these interventions represent a 'slow burn'; building the international profile and reputation of the Highlands and Islands as a leading creative economy will not happen overnight, and this needs to be recognised and reflected in the evaluation measures and approach.

Following the adoption of this Strategy, an Intervention Plan must be developed which details how the Interventions will be taken forward, and key measures and indicators will need to be established to ensure that HIE can assess the return on investment for specific measures, and compare them, and ultimately the impact of investment in this crucial sector on the wider economy of the region.

### KEY TOOLS FOR EFFECTIVE EVALUATION:

New metrics focus on profitability rather than turnover and jobs to better reflect the nature of the sector and how value is created by creative businesses.

Key Performance Indicators are applied consistently across all areas of intervention.

Networks' KPI's:

- Apply the new metrics.
- Focus on key factors affecting growth (access to finance, quality, skills, market intelligence and access, networks, etc.).
- Reflect key changes in business models (convergence, crowd funding, digitisation, online, provenance, etc.).

Systematic monitoring of all businesses which receive support to assess the commercial impact and identify barriers to further growth and development in order to guard against a culture of dependency.

Pilot interventions (Phase 1: 2014-16) have clear milestones so progress can be monitored, and clear ROI targets so that the value of rolling out these measures more widely during Phase 2 (2016-19) can be properly assessed.

Until the new metrics are in place (target: mid-Phase 1) evaluation will be against targets that can be readily measured.





## OBJECTIVES AND INTERVENTIONS

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The three overall aims of this Strategy identify the priority areas for action if the Vision is to be achieved.

A series of 17 objectives are associated with each aim. These Objectives reflect different issues that must be addressed if each Aim is to be achieved.

A number of Interventions, some of which are new (and shown in green in Appendix I), have been identified. These are the actions, programmes, projects or initiatives that are required to deliver the objectives and achieve the aims, and thereby realise the Vision.

An intervention may serve to deliver more than one objective and achieve more than one aim. All serve to realise the Vision.

Essentially the Interventions are the activities that HIE needs to undertake if this Strategy is to be delivered. Section 7 describes the prioritisation that for the new Interventions, which reflects an understanding of needs, both those understood and articulated by creative businesses and those that have been interpreted and identified, from discussions and observations in the Highlands and Islands, research and the extensive previous experience of ASA.

In the following section, Objectives are set out against Aims, and against each Objective we have set out the highest priority Intervention and two further key Interventions that are required to attain the Objective. Other Interventions may also be required. Interventions have the potential to deliver to more than one Objective or Aim.

The final table sets out each Objective and the Interventions that will contribute to its successful attainment.

A more detailed description of this process is provided in Appendix H, where the rationale for each Objective is developed.

More detailed information about each Intervention is provided in Appendix I.

**AIM: TO BUILD THE REGION'S PROFILE AND REPUTATION AS AN EXEMPLAR FOR THE SUCCESSFUL DEVELOPMENT OF THE CREATIVE ECONOMY IN REMOTE, RURAL REGIONS.**

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Show global leadership in the development of the creative economy</b></p>	<p>Develop New Metrics Appendix I-12</p>	<p>To build the local research and knowledge base around the creative industries, thereby both facilitating and supporting the more effective development of the creative industries in this and other remote, rural regions.</p>
<p>HIE will develop the region's global reputation as a place with diverse cultural traditions and future focused businesses that is attractive to inward investment. This will be achieved by developing the region as a centre of research and action to support the creative economy.</p>	<p>Priority: High – 1</p> <p><b>Key Interventions</b></p> <p>Conference and Research programme Appendix I -4</p>	<p><b>First action:</b> 2014 Q3-4: Review partnerships</p> <p>An international biennial conference, with corresponding research, that engages entrepreneurs, academics and commentators, interrogates understanding of the development of the creative economy in remote, rural regions and positions HIE and its partners as leading this global dialogue.</p>
	<p>Priority: Medium – 12</p>	<p><b>First action:</b> 2014 Q3-4: Commission feasibility study</p>
	<p>EU Creativity on the Edge programme Appendix I - 16</p>	<p>To develop an EU project focused on remote, rural regions, that interrogates the potential of the creative economy to support sustained and sustainable, economic development through commercially aware interventions. To see the creative economy of the Highlands and Islands, and other partner remote, rural regions, develop and grow.</p>
	<p>Priority: Low – 22</p>	<p><b>First action:</b> 2014 Q4-2015 Q1: Commission feasibility study</p>
<p><b>Engage Young People</b></p>	<p>Digital Engagement in Strategy Delivery Appendix I – 13</p>	<p>A new event and tool in strategy delivery that harnesses the knowledge and experience of creative entrepreneurs in a dynamic, digital conversation that also engages the future-focused perspectives of young people. This tool will test the strategy against the experiences and aspirations of the current and future creative business community that it must serve; in ways that will inspire creative entrepreneurship and build a greater understanding of the potential of the region's creative economy.</p>
<p>The greater engagement of young entrepreneurs and students will ensure that this Strategy is future focused and able to both deliver local creative jobs and build local creative businesses. Young people are early adopters of technical innovation and provide a particularly strong bell weather for cultural and market changes.</p>	<p>Priority: High – 7</p>	<p><b>First action:</b> 2014 Q4 Feasibility study</p>
	<p><b>Key Interventions</b></p>	
	<p>Building local skills and capacity – Appendix I – 2</p>	<p>To grow the skills base and capacity in the region, thereby providing creative businesses with an environment within which they can develop and grow.</p>
	<p>Priority: Medium – 9</p>	<p><b>First action:</b> 2014 Q3 Re-commission industry networks</p>
	<p>Outwith network Appendix I – 22</p>	<p>To develop a network of creative entrepreneurs, creative professionals, particularly young creative entrepreneurs and professionals, and tertiary education students intent on building their career in the creative industries, with an interest in or connection to the Highlands and Islands, and who are living outwith the region.</p>
	<p>Priority: Low – 20</p>	<p><b>First action:</b> 2014 Q3-Q4 Commission research</p>

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<b>Develop XPONORTH</b>	go-to XPONORTH Appendix I – 17	goNORTH has been one of the key assets in HIE's existing creative industries strategy but more can be leveraged from it meriting further investment to further differentiate the offer and make goNORTH the "go-to" creative economy event in Europe. To ensure the clarity of the change from a music event to a creative industries event, it will become XPONORTH.
XPONORTH and the Industry Networks represent significant innovation and are central to the region's reputation as a centre for innovation in the development of the creative economy of remote, rural regions. However, more can be done to support the development of the region's international reputation, by facilitating more international partnerships and taking the best of XPONORTH to key markets.	Priority: High – 3	<b>First action:</b> 2014 Q2 commission XPONORTH
	<b>Key Interventions</b>	
	Internationalisation Appendix I – 19	Internationalisation is critical if the commercial potential of the region's creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change.
	Priority: High – 2	<b>First action:</b> 2014 Q2 Re-commission industry networks
	Digital Inverness Appendix I – 14	To establish Inverness, the home of XPONORTH, as the vibrant centre of the creative economy, with a future-focused approach to supporting creative business development, this being evidenced by the ability to access and do business through wi fi connected, high speed fibre optic broadband, at any point across the city both during XPONORTH and at any time, establishing Inverness as Scotland's first wi-fi city.
	Priority: Low – 19	<b>First action:</b> 2015 Q1 Feasibility study
<b>Celebrate success</b>	Creative Economy Champions Appendix I – 7	To develop a network of leading figures – entrepreneurs, academics and commentators – in the creative industries internationally, whose understanding of the creative economy and sub-sectors of the creative industries can be harnessed to support and proselytise the delivery of the Strategy and the interventions, and become Ambassadors for the creative industries of the Highlands and Islands.
The planned interventions aim to celebrate success, raise the profile of successful local creative entrepreneurs and applaud their achievements. By celebrating success through awards and championing activity, HIE can raise the region's profile as a centre of creativity and innovation, and build wider public understanding of the investment being made in the creative economy.	Priority: High – 6	<b>First action:</b> 2015 Q3 Commission feasibility study
	<b>Key Interventions</b>	
	Creative Entrepreneur awards Appendix I – 8	To develop an award programme that recognises creative entrepreneurs who are developing DISC creative businesses in the region and publicly celebrates their achievements, thereby raising sector and regional profile and building public understanding of the creative industries and their importance to the regional economy.
	Priority: Medium – 18	<b>First action:</b> 2015 Q2 Commission feasibility study
	London Drop Down Centre Appendix I – 21	The London Creative Industries Drop Down Centre (LCIDD) will provide a London base from which regional creative industries can operate when in London. Centrally located, it will provide hot desks, meeting rooms, PA services and access to other resources. It will facilitate regional creative businesses in developing new business opportunities and building their industry networks in and through London.
	Priority: Medium – 11	<b>First action:</b> 2015 Q3: Commission feasibility study

**AIM: TO SUPPORT EMERGING AND ESTABLISHED CREATIVE ENTREPRENEURS WITH THE APTITUDE, FLEXIBILITY AND TENACITY TO BUILD DYNAMIC, INNOVATIVE, SUSTAINABLE AND COMPETITIVE (DISC) CREATIVE BUSINESSES WITHIN THE REGION.**

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Grow new markets</b></p> <p>Internationalisation is essential if they are to achieve their true potential. In part, this requires innovation in their offer to allow them to step beyond traditional local, regional, diaspora and tourist markets which present limited opportunities for growth. This requires better understanding of markets and consumers in those markets, wider opportunities for international collaboration, and greater participation in targeted showcases and trade fairs.</p>	<p>Internationalisation Appendix I – 19</p> <p>Priority: High – 2</p> <p><b>Key Interventions</b></p> <p>London Drop Down Centre Appendix I – 21</p> <p>Priority: Medium – 11</p> <p>International Placements Appendix I – 18</p> <p>Priority: Medium – 17</p>	<p>Internationalisation is critical if the commercial potential of the region's creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change.</p> <p><b>First action:</b> 2014 Q2 Re-commission industry networks</p> <p>The London Creative Industries Drop Down Centre (LCIDD) will provide a London base from which regional creative industries can operate when in London. Centrally located, it will provide hot desks, meeting rooms, PA services and access to other resources. It will facilitate regional creative businesses in developing new business opportunities and building their industry networks in and through London.</p> <p><b>First action:</b> 2015 Q4: Commission feasibility study</p> <p>To create a new support programme for creative businesses and students studying on creative courses, allowing them to better access potential high quality professional learning opportunities (internships, placements, collaborations etc.) elsewhere in the UK and internationally, and thereby to grow their international networks and develop new creative business opportunities.</p> <p><b>First action:</b> 2015 Q4 Commission feasibility study</p>
<p><b>Building commercial networks</b></p> <p>Networks are critical to the success of creative businesses. They are the mechanisms for projecting talent into new arenas, and they foster the collaborations that are at the heart of creative business development. Informal networks are the norm in the creative industries. The Strategy envisages interventions to strengthen informal networks, develop networking skills and experiences, and develop more formal networks.</p>	<p>Creative Economy Champions Appendix I – 7</p> <p>Priority: High – 6</p> <p><b>Key Interventions</b></p> <p>Design Services Industry Network Appendix I – 10</p> <p>Priority: High – 4</p> <p>London Drop Down Centre Appendix I – 21</p> <p>Priority: Medium – 11</p>	<p>To develop a network of leading figures – entrepreneurs, academics and commentators – in the creative industries internationally, whose understanding of the creative economy and sub-sectors of the creative industries can be harnessed to support and proselytise the delivery of the Strategy and the interventions, and become Ambassadors for the creative industries of the Highlands and Islands.</p> <p><b>First action:</b> 2014 Q4 Commission feasibility study</p> <p>This Network will differ, as its function will be both targeted towards (A) supporting the development of local design services and (B) developing the local market amongst existing businesses from other sectors.</p> <p><b>First action:</b> 2014 Q3 Audit design service businesses in region</p> <p>The London Creative Industries Drop Down Centre (LCIDD) will provide a London base from which regional creative industries can operate when in London. Centrally located, it will provide hot desks, meeting rooms, PA services and access to other resources. It will facilitate regional creative businesses in developing new business opportunities and building their industry networks in and through London.</p> <p><b>First action:</b> 2015 Q2-Q3: Commission feasibility study</p>



OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Improve access to finance</b></p> <p>Creative entrepreneurs need support in developing the skills and financial tools that allow them to access finance and investors. Finance can come from traditional routes, but mechanisms like angel investment and crowd funding also need to be developed, as these have proven to be particularly useful investment routes for creative businesses seeking.</p>	<p>Creative business investment Appendix I – 6</p> <p>Priority: Medium - 10</p> <p><b>Key Interventions</b></p> <p>Develop HIE’s capacity Appendix I – 11</p> <p>Priority: Medium – 8</p> <p>Creative Economy Champions Appendix I – 7</p> <p>Priority: High – 6</p>	<p>A new creative business investment fund that will provide advice and support and appropriate funding. This will include specific initiatives that target local investors and the use of social media to leverage crowd funding.</p> <p><b>First action:</b> 2014 Q2-Q4 Commission feasibility study</p> <p>Further develop HIE’s understanding of and capacity to work with creative businesses and develop the region’s creative industries, thereby ensuring that it contributes to regional economic growth.</p> <p><b>First action:</b> 2014 Q2-Q3 Re-commission Industry Networks</p> <p>To develop a network of leading figures – entrepreneurs, academics and commentators – in the creative industries internationally, whose understanding of the creative economy and sub-sectors of the creative industries can be harnessed to support and proselytise the delivery of the Strategy and the interventions, and become Ambassadors for the creative industries of the Highlands and Islands.</p> <p><b>First action:</b> 2014 Q4 Commission feasibility study</p>
<p><b>Develop public-private partnerships</b></p> <p>New public-private sector partnerships are required to develop new commercial opportunities and technology must be better leveraged as a tool to support creative business development.</p>	<p>Local hubs with digital tools Appendix I – 20</p> <p>Priority: Medium - 16</p> <p><b>Key Interventions</b></p> <p>21st century crafts Appendix I – 1</p> <p>Priority: Medium – 13</p> <p>Content and cultural diversity Appendix I – 5</p> <p>Priority: Medium - 15</p>	<p>Develop an environment within which DISC creative businesses can thrive and grow by supporting the emergence of local creative business hubs, which can facilitate local networking and local collaboration and provide access to shared business assets.</p> <p><b>First action:</b> 2015 Q2-Q3 Commission feasibility study</p> <p>This new programme could be developed through a submission to Innovate UK in support of the crafts sector. It will devise new ways to use technology to enhance the operation of businesses in the crafts sector, challenging existing business models by interrogating the processes of production (including the creative process), distribution and consumption of crafts.</p> <p><b>First action:</b> 2015 Q2-Q3 Commission feasibility study</p> <p>Diversify the market for original screen content from the region by creating a commissioning fund that will respond to new partnerships with broadcasters and platforms, and new cross-sector collaborations locally, nationally and internationally.</p> <p><b>First action:</b> 2015 Q3 Convene an industry steering group</p>

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Measure success</b></p> <p>A new approach to measuring and understanding growth is required. Interventions need to reflect the fact that, in this sector, value is created by one of three mechanisms: exploiting intellectual property rights, exploiting reputation, or through successful collaboration. In all three cases business size and scaleability are not critical to profitability and value creation.</p>	<p>Develop New Metrics Appendix I-12</p> <p>Priority: High – 1</p> <p><b>Key Interventions</b></p> <p>Develop HIE’s capacity Appendix I – 11</p> <p>Priority: High - 8</p> <p>Digital Engagement in Strategy Delivery Appendix I – 13</p> <p>Priority: High – 7</p>	<p>To build the local research and knowledge base around the creative industries, thereby both facilitating and supporting the more effective development of the creative industries in this and other remote, rural regions.</p> <p><b>First action:</b> 2014 Q2-4: Review partnerships</p> <p>Further develop HIE’s understanding of and capacity to work with creative businesses and develop the region’s creative industries, thereby ensuring that it contributes to regional economic growth.</p> <p><b>First action:</b> 2014 Q2-Q3 Re-commission Industry Networks</p> <p>A new event and tool in strategy delivery that harnesses the knowledge and experience of creative entrepreneurs in a dynamic, digital conversation that also engages the future-focused perspectives of young people. This tool will test the strategy against the experiences and aspirations of the current and future creative business community that it must serve; in ways that will inspire creative entrepreneurship and build a greater understanding of the potential of the region’s creative economy.</p> <p><b>First action:</b> 2014 Q2-Q3 Feasibility study</p>

AIM: To leverage more from existing assets and activities, to ensure the most appropriate support for creative businesses is provided across the region and to ensure that HIE sees an appropriate return on its investment.

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Strengthen and expand existing mechanisms</b></p> <p>XPONORTH must become the “go-to” creative industries event in Europe. HIE’s flagship event, showcases talent, facilitates networks and business. It needs to provide greater balance in its reflection of sub-sectors, to foster collaboration and build understanding of convergence and new</p>	<p>Internationalisation Appendix I – 19</p> <p>Priority: High – 2</p> <p><b>Key Interventions</b></p> <p>go-to XPONORTH Appendix I – 17</p> <p>Priority: High – 3</p>	<p>Internationalisation is critical if the commercial potential of the region’s creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change.</p> <p><b>First action:</b> 2014 Q2 Re-commission industry networks</p> <p>XPONORTH is one of the key assets in HIE’s existing creative industries strategy but more can be leveraged from its investment to-date, meriting further investment to further differentiate the offer and make XPONORTH the “go-to” creative economy event in Europe.</p> <p><b>First action:</b> 2014 Q2 commission XPONORTH</p>

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<b>Build knowledge within HIE</b>	Develop HIE's capacity Appendix I – 11	Further develop HIE's internal understanding of and capacity to work with creative businesses and develop the region's creative industries, thereby ensuring that it contributes to regional economic growth.
Understanding of the creative industries, what makes them different and necessitates particular approaches, needs to be mainstreamed within HIE. Whilst responsibility for delivering the Strategy should be vested in one team, they will need to work closely with colleagues.	Priority: Medium – 8	<b>First action:</b> 2014 Q2-Q3 Re-commission Industry Networks
	<b>Key Interventions</b>	
	Develop New Metrics Appendix I-12	To build the local research and knowledge base around the creative industries, thereby both facilitating and supporting the more effective development of the creative industries in this and other remote, rural regions.
	Priority: High – 1	<b>First action:</b> 2014 Q2-4: Review partnerships
	Design Services Network Appendix I – 10	This Network will differ, as its function will be both targeted towards (A) supporting the development of local design services and (B) developing the local market amongst existing businesses from other sectors.
	Priority: High – 4	<b>First action:</b> 2014 Q4 Audit design service businesses in region
<b>Integrate existing business support mechanisms</b>	Develop HIE's capacity Appendix I – 11	Further develop HIE's understanding of and capacity to work with creative businesses and develop the region's creative industries, thereby ensuring that it contributes to regional economic growth.
The Industry Networks and Account Management operates inefficiently. Stronger communication, and a greater unity of purpose and integration between the two systems, must be achieved. The Network's expert knowledge must become a resource for Account Management.	Priority: Medium – 8	<b>First action:</b> 2014 Q2-Q3 Re-commission Industry Networks
	<b>Key Interventions</b>	
	Design Services Trade Network Appendix I – 10	This Network will differ from existing Trade Networks, as its function will be both targeted towards (A) supporting the development of local design services and (B) developing the local market amongst existing businesses from other sectors.
	Priority: High – 4	<b>First action:</b> 2014 Q2-Q3 Audit design service businesses in region
	Internationalisation Appendix I – 19	Internationalisation is critical if the commercial potential of the region's creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change.
	Priority: High – 2	<b>First action:</b> 2014 Q2 Re-commission industry networks

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Develop a cross-sector approach</b></p> <p>There is a need to recognise the role that the creative sector can play in ensuring the greater competitiveness of other growth sectors in the Highlands and Islands: Food and Drink, Life Sciences, Energy, Business Services, and Tourism, whilst also developing another growth sub-sector regionally.</p>	<p>Design Services Trade Network Appendix I – 10</p> <p>Priority: High – 4</p> <p><b>Key Interventions</b></p> <p>go-to XPONORTH Appendix I – 17</p> <p>Priority: High – 3</p> <p>Digital Media Development support Appendix I – 15</p> <p>Priority: High - 5</p>	<p>This Network will differ, as its function will be both targeted towards (A) supporting the development of local design services and (B) developing the local market amongst existing businesses from other sectors.</p> <p><b>First action:</b> 2014 Q2-Q3 Audit design service businesses in region</p> <p>XPONORTH is one of the key assets in HIE’s existing creative industries strategy but more can be leveraged from its investment to-date.</p> <p><b>First action:</b> 2014 Q2 Commission XPONORTH</p> <p>This new Network will support the development of digital media creative businesses in a programme of long-term strategic development. Consequently its approach will be focused towards medium- to long-term return and the development of an environment within which the local digital media sector can emerge and grow.</p> <p><b>First action:</b> 2014 Q2 Undertake audit within regional secondary school system</p>
<p><b>Develop international business</b></p> <p>Existing support to develop international business is greatly valued, and this should be continued, whilst further emphasis will be placed on ensuring businesses are ready to fully realise the potential of working internationally.</p>	<p>Internationalisation Appendix I – 19</p> <p>Priority: High – 2</p> <p><b>Key Interventions</b></p> <p>go-to XPONORTH Appendix I – 17</p> <p>Priority: High – 3</p> <p>Creative Economy Champions Appendix I – 7</p> <p>Priority: High – 6</p>	<p>Internationalisation is critical if the commercial potential of the region’s creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change.</p> <p><b>First action:</b> 2014 Q2 Re-commission networks</p> <p>XPONORTH is one of the key assets in HIE’s existing creative industries strategy but more can be leveraged from its investment to-date, meriting further investment to further differentiate the offer and make XPONORTH the “go-to” creative economy event in Europe.</p> <p><b>First action:</b> 2014 Q2 Commission XPONORTH</p> <p>To develop a network of leading figures – entrepreneurs, academics and commentators – in the creative industries internationally, whose understanding of the creative economy and sub-sectors of the creative industries can be harnessed to support and proselytise the delivery of the Strategy and the interventions, and become Ambassadors for the creative industries of the Highlands and Islands.</p> <p><b>First action:</b> 2014 Q4 Commission feasibility study</p>

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Build the skills needed for growth</b></p> <p>There is a need to better understand the skills needs of creative businesses in the region, to ensure that the gaps that are inhibiting growth are addressed.</p>	<p>Building local skills and capacity – Appendix I – 2</p> <p>Priority: Medium – 9</p> <p><b>Key Interventions</b></p> <p>Digital Media Development support Appendix I – 15</p> <p>Priority: High - 5</p> <p>Design Services Network Appendix I – 10</p> <p>Priority: High – 4</p>	<p>To grow the skills base and capacity in the region, thereby providing creative businesses with an environment within which they can develop and grow.</p> <p><b>First action:</b> 2015 Q2 Re-commission industry networks</p> <p>This new Network will support the development of digital media creative businesses in a programme of long-term strategic development. Consequently its approach will be focused towards medium- to long-term return and the development of an environment within which the local digital media sector can emerge and grow.</p> <p><b>First action:</b> 2014 Q4 Undertake scoping study.</p> <p>This Network will differ, as its initial function will be both targeted towards (A) supporting the development of local design services and (B) developing the local market amongst existing businesses from other sectors.</p> <p><b>First action:</b> 2014 Q2-Q3 Audit design service businesses in region</p>
<p><b>Make better use of regional cultural assets</b></p> <p>Regional cultural assets, within both the public and private sector, which receive support from HIE can do more to support the development of the creative industries locally. These organisations play a significant role in developing both creative talent and exposing audiences and artists to new trends.</p> <p>Knowledge should be developed and good practice shared across these institutions.</p>	<p>Content and cultural diversity Appendix I – 5</p> <p>Priority: Medium - 15</p> <p><b>Key Interventions</b></p> <p>Cultural venues network Appendix I – 9</p> <p>Priority: Low – 21</p> <p>Digital Engagement in Strategy Delivery Appendix I – 13</p> <p>Priority: High – 7</p>	<p>Diversify the market for original screen content from the region by creating a commissioning fund that will respond to new partnerships with broadcasters and platforms, and new cross-sector collaborations locally, nationally and internationally.</p> <p><b>First action:</b> 2014 Q3 Convene an industry steering group</p> <p>To better utilise the resources of existing cultural venues both in support of the development of local creative businesses and in advancing their cultural, social and commercial aspirations, through better networking and shared good practice.</p> <p><b>First action:</b> 2016 Q2-Q4 Commission audit of cultural venues</p> <p>A new event and tool in strategy delivery that harnesses the knowledge and experience of creative entrepreneurs in a dynamic, digital conversation that also engages the future-focused perspectives of young people. This tool will test the strategy against the experiences and aspirations of the current and future creative business community that it must serve; in ways that will inspire creative entrepreneurship and build a greater understanding of the potential of the region’s creative economy.</p> <p><b>First action:</b> 2014 Q4 Feasibility study</p>

OBJECTIVE	LEAD INTERVENTION FOR THIS OBJECTIVE	DESCRIPTION
<p><b>Leverage more from tertiary education</b></p> <p>The successful on-going development of UHI is critical for the region's creative economy. It is imperative that UHI's development be supported, particularly in the context of its response to the creative industries and how it, and other tertiary institutions, can aligned to deliver to this Strategy.</p>	<p>Building the research base Appendix I-3</p> <p>Priority: Medium – 14</p> <p><b>Key Interventions</b></p> <p>Creative Economy Champions Appendix I – 7</p> <p>Priority: High – 6</p> <p>Digital Media Development support Appendix I – 15</p> <p>Priority: High - 5</p>	<p>To build the local research and knowledge base around the creative industries, thereby both facilitating and supporting the more effective development of the creative industries in this and other remote, rural regions.</p> <p>First action: 2015 Q2: Review partnerships</p> <p>To develop a network of leading figures – entrepreneurs, academics and commentators – in the creative industries internationally, whose understanding of the creative economy and sub-sectors of the creative industries can be harnessed to support and proselytise the delivery of the Strategy and the interventions, and become Ambassadors for the creative industries of the Highlands and Islands.</p> <p>First action: 2014 Q4 Commission feasibility study</p> <p>This new Network will support the development of digital media creative businesses in a programme of long-term strategic development. Consequently its approach will be focused towards medium- to long-term return and the development of an environment within which the local digital media sector can emerge and grow.</p> <p>First action: 2014 Q4 Undertake audit within regional secondary school system</p>



# INTERVENTIONS CAN DELIVER TO MANY OBJECTIVES

## INTERVENTIONS

## OBJECTIVES

**K** Key **L** Lead

Priority	Show Global Leadership	Engage Young People	Develop XPONORTH	Celebrate success	Grow new markets	Build commercial networks	Improve access to finance	Develop public-private partnerships	Measure success	Strengthen and expand mechanisms	Build knowledge within HIE	Integrate existing mechanisms	Develop cross-sector approaches	Develop international business	Build the skills for growth	Make better use of cultural assets	Leverage more from tertiary education
1 Develop new metrics	L								L		K						
2 Internationalisation			K		L					L		K		L			
3 go-to XPONORTH			L							K			K	K			
4 Design Services Network						K					K	K	L		K		
5 Digital Media development support													K		K		K
6 Creative Economy Champions				L		L	K							K			K
7 Digital engagement in strategy delivery		L							K								
8 Develop HIE's capacity							K		K	K	L	L				K	
9 Building local skills and capacity		K													L		
10 Creative business investment							L										
11 London Drop Down Centre				K	K	K											
12 Conference and research programme	K																
13 21st century crafts								K									
14 Building the research base																	L
15 Content and cultural diversity								K								L	
16 Local hubs with digital tools								L									
17 International placements					K												
18 Creative Entrepreneur awards				K													
19 Digital Inverness			K														
20 Outwith network		K															
21 Cultural venue network																K	
22 EU: Creativity on the Edge	K																

## EQUALITY, DIVERSITY, INCLUSION AND ETHICS

HIE is committed to implementing all equal opportunities and equality legislation (Scottish and European) in its activities and in the delivery of this Strategy. In addition, it has identified four equality objectives, of regional significance, for the period 2013–17:

- To help young people aged 16 – 24 move into suitable employment;
- To increase the number of women in leadership roles in business and social enterprises;
- To promote inclusive work practices in HIE which recognise the implications for employees of dispersed work locations; and
- To increase public understanding of and confidence in reporting hate incidents such as racism.

Research across Scotland’s creative industries, carried out in 2010, found that:

- Women, people from Black and Minority Ethnic (BME) backgrounds and disabled people are under-represented in the workforce.
- Building the business case for diversity to include Black and Asian communities, women, disabled people, those facing social and economic disadvantage, and the increasing number of EU Accession country workers would increase workforce diversity.
- Of 13,100 business directors in the sector in Scotland in March 2010 only 30% were female, representing underutilisation of talent. Directors were also the youngest of the seven growth sectors, however only 3.8% of directors were aged under 30.

Unfortunately, the national data did not provide a regional breakdown and HIE recognises that the absence of such information is a barrier to ensuring that it delivers to its equal opportunities objectives. This Strategy envisages

that every intervention will be evaluated carefully from an equalities perspective, to maximise opportunities to build an inclusive and dynamic sector which represents and caters for an increasingly diverse society. New metrics will collect data that aids more effective interventions and advances these objectives.

The need to persuade increasing numbers of young people to stay in, return to or relocate to the region, to live and work, is recognised in both this Strategy and HIE’s wider activities. Whilst the region has a smaller BME population than Scotland’s urban areas, it does have a significant population of recent migrants from other parts of the EU, who have resettled permanently in the region. Consequently, in terms of race and ethnicity, there is an absolute need to ensure equality of opportunity.

HIE recognises the business case for equal opportunities; that the competitiveness of the region’s creative industries will be enhanced through diversity and equality. Research into the environment within which the creative industries can thrive, clearly shows that “tolerance” is a critical factor. “Tolerance” will be engendered through the breadth of HIE’s economic and social interventions.

HIE also recognises that for many businesses – particularly social, creative, and environmental – ethical approaches are inherently important to many new and emerging business models; in fact, they can be at the heart of value creation. In the delivery of this Strategy, HIE will itself endeavour to develop and deliver flexible interventions that support both these and more traditional business models.

<sup>1</sup>For more information please see Appendix G: [Understanding Creative Businesses](#)





## APPENDIX A: DEFINITIONS

### CONTENTS

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The definition of 'creative industries' has been the subject of much academic debate, each approach reflecting the fact that this is a broad area of economic activity, characterised by a large number of diverse and geographically spread small and micro businesses.

The Scottish Government has recently adopted its own definition of the creative industries, which is set out in Section 1. The definition was developed to ensure that the nature of Scotland's creative industries, their needs and particular characteristics were recognised in policy making. This definition has been used when developing this Strategy.

It is though worth noting that a number of other definitions will impact on the development of the creative industries in the Highlands and Islands, as different definitions are deployed in the rest of the UK and in the EU. In the remaining sections of this Appendix we provide an overview of those definitions and some of the debate that still rages.

### 1. CREATIVE INDUSTRIES IN SCOTLAND

The Economic Contribution Study of the arts and creative industries in Scotland, undertaken for HIE in 2012<sup>2</sup>, extended the original DCMS definition to 16 sectors, since the DCMS approach was considered not to reflect the character of artistic, creative and cultural endeavour in Scotland and the list of sectors was adjusted to better reflect the reality on the ground: see table below. We believe this wider definition still fails to reflect the economic realities and the latest thinking developed by NESTA in relation to creative industries mapping.

<sup>2</sup> DC Research - Economic Contribution Study: An approach to the Economic Assessment of Arts and Creative Industries in Scotland, June 2012,

### DCMS CULTURAL DOMAINS

### SCOTTISH ARTS AND CREATIVE INDUSTRIES

Visual Art	<ol style="list-style-type: none"> <li>Advertising</li> <li>Architecture, planning and building design</li> <li>Visual art and art dealers/commercial galleries</li> <li>Crafts                         <ol style="list-style-type: none"> <li>Furniture and wood crafts</li> <li>Jewellery</li> <li>Pottery</li> <li>Glass</li> <li>Textile craft goods</li> <li>Other crafts</li> <li>Antiques market</li> </ol> </li> <li>Fashion and Textiles (includes designer fashion)</li> <li>Design and design-dependent industries</li> </ol>
Performance	<ol style="list-style-type: none"> <li>Performing Arts, including arts facilities and support</li> </ol>
Audio Visual	<ol style="list-style-type: none"> <li>Music, including sound recording, music publishing and distribution and instruments</li> <li>Photography</li> <li>Film and video</li> <li>Computer games etc</li> <li>Radio and TV</li> </ol>
Books and Press	<ol style="list-style-type: none"> <li>Writing and publishing</li> </ol>
Heritage	<ol style="list-style-type: none"> <li>Museums and galleries, archives, libraries, historic sites</li> </ol>
Digital Industries	<ol style="list-style-type: none"> <li>Software/electronic publishing</li> </ol>
Cultural education	<ol style="list-style-type: none"> <li>Cultural education</li> </ol>

This is the definition that has been used in this Strategy.

## 2. EUROPEAN FRAMEWORK

The 'creative industries' exist at the point where cultural and economic policies meet. It is therefore useful to be clear about what is meant by 'cultural' and 'creative' industries. Here, the European Commission Green Paper 'Unlocking the potential of the cultural and creative industries' has a helpful working definition, which follows the approach taken by UNESCO:

- 'cultural industries' - those which produce and distribute goods or services which at the time they are developed are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of the commercial value they may have. Besides the traditional arts sectors (performing arts, visual arts, cultural heritage - including the public sector) they include film, DVD and video, TV and radio, video games, new media, music, books and press. this concept is defined in relation to cultural expressions in the context of the 2005 UNESCO Convention on the protection and promotion of the diversity of cultural expressions.
- 'creative industries' are those which use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes, as well as subsectors such as graphic design, fashion design or advertising.

The Commission Green Paper also notes the wider contribution which creative and cultural industries make to the 'creative economy' (see further below). It highlights three particular ways in which these industries play a role in national and regional innovation systems:

- by providing content to fuel digital devices and networks, so contributing to the acceptance and development of new information and communications technologies, and stimulating roll-out of digital infrastructure;
- creating an 'innovation-friendly' climate by shaping social and cultural trends and therefore consumer demand, in particular in the context of the digital and 'experience' led economy; and
- by making proportionately greater use of creative and cultural services resulting in higher levels of innovation - design is cited as a good example of a process potentially leading to user-centred innovation.

A number of less direct links are also seen between strong cultural and creative industries and a strong creative economy such as the vibrancy of cultural communities, and how successful creative and cultural industries are increasingly seen as 'soft factors' which can help to create a positive environment for innovation and attract highly-skilled people and companies, so contributing to the overall competitiveness of a region. This broader contribution of the creative and cultural industries to stimulating a sustainable creative economy in the Highlands and Islands is an underpinning principle of this strategy, so that interventions targeted specifically at these industries are, longer-term, designed to make a much wider contribution to the competitiveness of the region overall.

## 3. UK CONTEXT

The most often used definition of 'creative industries' originated with the UK Department for Culture, Media and Sport (DCMS, 1998): "Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property."

This DCMS identified 13 subsectors: advertising, architecture, arts and antiques, crafts, design, designer fashion, film, interactive leisure software, music, performing arts, publishing, software and computer services, TV and radio. However, a number of flaws have been identified with this approach.

The Work Foundation<sup>6</sup> points out that these 13 'creative industries' are 'often perceived as having as many differences as similarities. Indeed, even within an industry like publishing the differences between, say, newspapers and educational publishers are often perceived as larger than their similarities'.

The 'core communal business model' identified by The Work Foundation is that all of these businesses 'originate ideas of expressive value, which they seek to commercialise. Other parts of the economy certainly engage in creative acts of origination...what is distinct about the creative industries is that their revenues are largely generated by commercialising 'expressive value' and that necessarily a greater part of their greater part of their commercial turnover is attributable even more so than other parts of the knowledge economy to acts of genuine 'creative origination.'

Expressive value is described as creating 'new insights, delights and experiences; it adds to our knowledge, stimulates our emotions and enriches our lives'. A difficulty with this 'expressive value' is that the value of the outputs to individual consumers are only known after they have been consumed or experienced.

The research also acknowledges issues associated with valuing knowledge in these industries: 'the creative industries are not underpinned by a large scientific or technical base with formal logical structures. The process of learning and creating tends to be intuitive, iterative and trial and error rather than analytical and explicit. As such, knowledge within the creative industries tends to be even more tacit than in the knowledge economy generally. The creation process is largely sui generis to individuals, teams, networks and organisations. If the teams are broken up in any way, the creative knowledge they generate can quickly be dissipated.'

The Work Foundation report also distinguishes between the cultural industries (such as music, television, radio, publishing, computer games and film) in which 'firms traditionally organise themselves so that all or most functions (content creation, recording, marketing, manufacturing and distribution) are carried out in-house', although it acknowledges that this vertically integrated structure is 'starting to give way to more networked forms of organisation'.

By contrast the creative industries are described as 'analytically first cousins to the cultural industries; distinct while belonging to the same family of activity. Architecture, design, fashion, computer software services and advertising are all creative industries whose market offerings pass both an expressive and workability test. They deliver both expressive and functional value. They tend to respond to the close demands of clients for creative offerings that work to their specifications; they constitute intermediate input in sectors in the wider economy: a growing number of designers, advertisers and software writers work not just within firms situated in the creative industries, but beyond.'

<sup>3</sup>COM (2010) 183

<sup>4</sup>UNESCO Convention on the protection and promotion of the diversity of cultural expressions

<sup>5</sup>Commission Staff Working Paper 'Design as a driver of user-centred innovation' SEC(2009)501

<sup>6</sup>Staying ahead : The economic performance of the UK's creative industries, The Work Foundation, NESTA July 2007

# A creative economy is one in which creative workers play an important role in developing new businesses.

## 4. NESTA'S APPROACH TO DEFINITIONS

NESTA<sup>7</sup> has highlighted a number of issues with the DCMS approach - which it refers to as the 'de facto world standard'. It argues that the economic reality has changed since the DCMS definition was developed, in particular, as a result of digitisation and the large numbers of businesses which now use creativity as a means of gaining competitive advantage. Furthermore, creativity is not defined, so there is no clear basis for determining which Standard Occupational Classification (SOC) or Standard Industrial Classification (SIC) codes are classified as 'creative industries'. This is contrasted with the way definitions of R&D and innovation have been developed by the OECD, and cultural activity is defined by UNESCO's 2009 cultural framework<sup>8</sup>.

The NESTA report also identifies what is described as a 'new economic phenomenon' which affects the way the creative industries are understood, namely that they do not rely on traditional content or Information and Communications Technologies (ICT). The

report describes how these industries are '...characterised by a parallel application, within single industries, of ICT and other creative skills together. This strongly suggests that any attempt to separate ICT from other creative work, or to reduce the creative industries either to an offshoot of content production...or a branch of the software industry, will not succeed.'

Rather than focusing on the outputs of the business, NESTA argues that a defining characteristic of the creative industries is their high creative intensity - i.e. the proportion of workers in any creative industry who are engaged in a creative occupation. The main rationale for this is that the DCMS approach fails to capture industries with high 'creative intensity' which account for large amounts of employment; and it provides no clear rationale for the selection of some occupations as 'creative' and not others.

In looking at 'creative intensity', NESTA adopts the 'Creative Trident' approach<sup>9</sup>,

which focuses on the nature of role played by the individual creative worker. In this analysis, 'specialists' are workers who are creatively occupied and work within the creative industries; 'support' workers are not creatively occupied and work within the creative industries; and 'embedded' workers are creatively occupied outside the creative industries. This reflects the number of people employed as 'specialists' and 'support' workers within the creative industries, while acknowledging the contribution of 'embedded' creatives within the economy more widely.

More recently NESTA has, in its "Manifesto for the Creative Economy"<sup>10</sup>, argued for the following definition of creative industries to be adopted:

<sup>7</sup>A dynamic mapping of the UK's creative industries - Hasan Bakhshi, Alan Freeman and Peter Higgs (January 2013)

<sup>8</sup>UNESCO (2009) Framework for cultural statistics, UNESCO Institute for Statistics

<sup>9</sup>Higgs P, Cunningham S and Bakhshi H (2008) Beyond the Creative Industries: Mapping the Creative Economy in the UK. NESTA.

<sup>10</sup>Bakhshi H, Hargreaves I and Mateos-garcia J (2013) A Manifesto for the Creative Economy. NESTA.



## 5. THE CREATIVE ECONOMY

Helping existing businesses respond to market demands, and which recognises arts and cultural assets as economic drivers as well as contributors to quality of life.

The creative industries are a dynamic economic sector in their own right and also play an important role in the wider economy. This is achieved through the supply chain and also by influencing perceptions of the region as a place that is creative, with a strong and unique cultural offer, which attracts tourism and inward investment.

The Work Foundation study<sup>11</sup> highlights the role of the creative industries in forming a bridge to the wider economy. It points out that mapping links between creative industries and other sectors 'helps to pinpoint the drivers of the creative industries and assess how interventions in one area may have

consequences for another. Sectors which have strong supply and demand relationships with creative businesses may have a key role to play in both the design and implementation of policy for the creative industries. The creative industries' close supply chain links with firms in the wider economy mean they have indirect impacts on employment and output as well as direct impacts to value added and employment.'

Importantly for this strategy, The Work Foundation also highlights the role creative industries can play in wider regional regeneration: 'There is compelling evidence that the presence of a large, diverse pool of artistic talent in a region can create a 'lead market' for artistic and creative products. When functioning properly, this should enable local businesses to design their

products better and market their products more successfully, better preparing them for the marketplace later on<sup>12</sup>.' Furthermore, creative businesses and a well-developed cultural sector are seen as attracting inward investment.

NESTA has argued that there is a high degree of homogeneity in local development strategies (in England) and this risks different regions competing for 'cultural spillovers'<sup>13</sup>. This is one reason why this strategy recommends a Highlands and Islands approach based on cultural diversity and peripherality as key strengths, to differentiate its offer from the creative industries rest of Scotland and the UK.

<sup>11</sup>See footnote 4

<sup>12</sup>'The artistic dividend: The arts' hidden contributions to regional development', A Markusen and D King, University of Minnesota, Humphrey Institute of Public Affairs, Project on Regional and Industrial Economics, 2003

<sup>13</sup>'Innovation in UK Cities', NESTA Policy Briefing, January 2007

## APPENDIX B: RESPONSES TO THE HIE BRIEF

HIE's Brief posed a number of specific questions about HIE's approach in the future:

### HOW CAN WE DO MORE TO SUPPORT HIGH GROWTH BUSINESS START UP IN CREATIVE INDUSTRIES?

#### ARE THERE MEASURES WE COULD INTRODUCE TO HELP EXISTING BUSINESSES TO GROW AT A FASTER RATE?

#### SHOULD WE FOCUS EFFORTS ON BUILDING A CLUSTER OF DIGITAL BUSINESSES IN THE REGION?

#### COULD OUR WORK ON INTERNATIONALISING THE SECTOR BE BETTER ALIGNED TO ACHIEVE MORE IMPACT?

### HOW CAN WE BUILD UPON SUCCESSES TO STRENGTHEN OUR SUPPORT FOR THE ECONOMICALLY IMPORTANT SUB-SECTORS IN CREATIVE INDUSTRIES?

Looking at each of HIE's questions in turn:

#### 1. ENCOURAGING HIGH GROWTH BUSINESS START UP

There is a need to define what 'high growth' looks like in the creative industries; without such a definition opportunities for the creative industries to make a significant contribution to economic growth could be overlooked.

Research shows that entrepreneurs respond well to mentoring and championing, and we recommend new interventions that are designed to encourage more of this activity in the region, to enhance the impact of current leadership programmes. Collaboration is also a key factor in bringing together businesses so that they can, collectively, achieve more than as individual actors. Consequently, building better networks and more opportunities to network are an essential element in this Strategy.

High-speed broadband is fundamental to building a sustainable creative economy in the region and the roll-out of interventions needs to be aligned with the roll-out of high speed fibre optic broadband and enhanced 4+G mobile telecommunications connections. New business models, driven by technological advancements and the rise of social media, are at the heart of commercial innovation within creative businesses, altering forever the means of production, distribution and consumption of creative and cultural goods and services. This Strategy recognises the importance of supporting and promulgating the development of these new business models with the region's creative businesses.

#### 2. SUPPORTING FASTER RATES OF GROWTH

More work is required to support the development of business skills within the creative industries. Many of the issues that limit the ability of creative businesses to grow more effectively are rooted in poor business skills, particularly in terms of understanding international markets and devising and delivering a strategic approach to entering and developing valuable new markets.

This Strategy includes recommendations for both the strengthening and further development of Networks; the creation of a new Network for Design Services, a new development network for Digital Media and three new dedicated specialist posts in regional offices; for greater alignment between Networks and Account Management; for business skills development and for a better understanding of markets.



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### 3. THE CASE FOR A DIGITAL CLUSTER

This may be an appropriate intervention in future, but there is currently insufficient data to support it. At this stage, the strategy aims to create the right conditions: better alignment of regional universities with digital opportunities, so there is a graduate resource which can support growth of the sector in the region; and linking interventions to the timescale for roll-out of reliable high speed fibre optic broadband.

We also question how readily HIE could influence the development of a viable cluster. Examples elsewhere have most successfully emerged around a key creative individual. Consequently, in our view this should be a long term aim within the Strategy, advanced through a range of interventions – including the Creative Economy Champions, Creative Entrepreneur Awards and WITHOUT members either returning to or investing in the region – that create beacons of excellence around which future clusters may coalesce.

### 4. MORE IMPACT IN TARGETING INTERNATIONAL MARKETS

A number of specific interventions are designed to improve access to and understanding of international markets, establishing links in new markets being a critical building block for future business collaborations; better targeting of effort based on the results of more nuanced market research; and capacity building to enable businesses to capitalise on the opportunities.

Many creative businesses in the region are focused on markets that offer limited potential for growth, being local, regional, diaspora or tourist markets. Often these markets are attractive because they reflect traditional products or styles and the need to innovate is limited. Addressing opportunities in international markets presents great potential, and this Strategy envisages that significant support will be needed for businesses to succeed in, what must be understood as, a medium to long-term endeavour.

In considering international markets there is an absolute need to approach this process from a commercial perspective. London is one of two global hubs in the creative economy and, as such, will be an important source of knowledge, connections and business opportunities for the majority of the region's DISC creative businesses. A successful commercial approach will require greater support for building networks, relationships and understanding of the region's offer with and through London.

A number of the planned interventions are designed to improve links with key markets, e.g. the WITHOUT network; building capacity and professionalism in the sector and sharing best practice; a more systematic approach to market research; the international placements programme.

### 5. BUILDING ON SUCCESS

This Strategy is about developing a broader and deeper understanding of the creative industries in the region, and their economic and social potential, in order to strengthen and better target public sector support.

The interventions are designed to make existing networks and assets work harder for creative businesses in the region, and to ensure that HIE and its partners take an integrated approach to building the capacity and skills in the region, which are needed to support strong and sustainable long-term growth.

A key objective is also to raise the profile of the Highlands and Islands as a region which is harnessing the power of the creative industries to build an economic future for remote and rural areas through innovative thinking and approaches. This will underpin the region's reputation as a place that is exercising global leadership by successfully addressing an area of research and investigation that is of critical importance to many other countries and regions.

## APPENDIX C: EKOS RECOMMENDATIONS

EKOS Ltd - Evaluation of Highlands and Islands Enterprise Support for the Creative Industries - Final Report February 2013.

The EKOS report gives a thorough picture of current support and assessment of its strengths and weaknesses, and the return on investment achieved. The report examines in detail current mechanisms, in particular the Account Management system and the Trade Networks and then presents an economic impact assessment, and includes feedback from stakeholders to give a rounded view of what has been achieved.

The Evaluation of HIE support for the creative industries (February 2013) from EKOS contained the following recommendations, which are addressed in this Strategy.

### Recommendation 1

HIE should develop and approve at senior management level a refreshed strategy for the creative industries in the region. The findings of this evaluation and the route map work currently underway should provide very useful inputs to that process.

### Recommendation 2

The HIE Creative Industries Team should develop a clear and digestible guide to the creative industries and the work of the networks for use by staff across the organisation and staff with a responsibility for engaging with creative industries organisations.

### Recommendation 3

HIE should review the criteria for the selection of companies to account manage, and focus account management resources on those companies that can generate greatest impacts (taking account also of the need to support those organisations charged with sector development). Account management support should also increase the level of internationalisation support for those companies with demonstrable potential to engage in global markets, taking advantage of the knowledge and contacts of the trade networks as appropriate.

### Recommendation 4

HIE should continue to invest in the creative industries networks, reviewing the service mix as appropriate. If available, additional resources should be directed towards the networks to increase reach and enhance the service portfolio. In particular, resources for the crafts and publishing networks are very limited, and there is a need to boost international development in all of the trade networks, with the possible exception of music in which this is already well established.

### Recommendation 5

Processes for project appraisal and target setting should be improved, and future funding support for the trade networks should be outcome focused, specifying a range of clear economic outcomes rather than outputs as a means of focusing activity appropriately. New agreements should also include a requirement to improve monitoring and reporting processes.

### Recommendation 6

The networks should be asked to develop plans for future revenue generation activity, and this income should be taken into account when allocating resources in future, although this should be a measured approach that does not threaten the quality and range of support to the sector.

### Recommendation 7

The investment made in the two infrastructure projects are now sunk costs, and HIE should work to maximise the benefits of these investments for the creative sector in the region. Future proposals for large scale investment in the physical infrastructure for the sector should be subject to rigorous appraisal.

### Recommendation 8

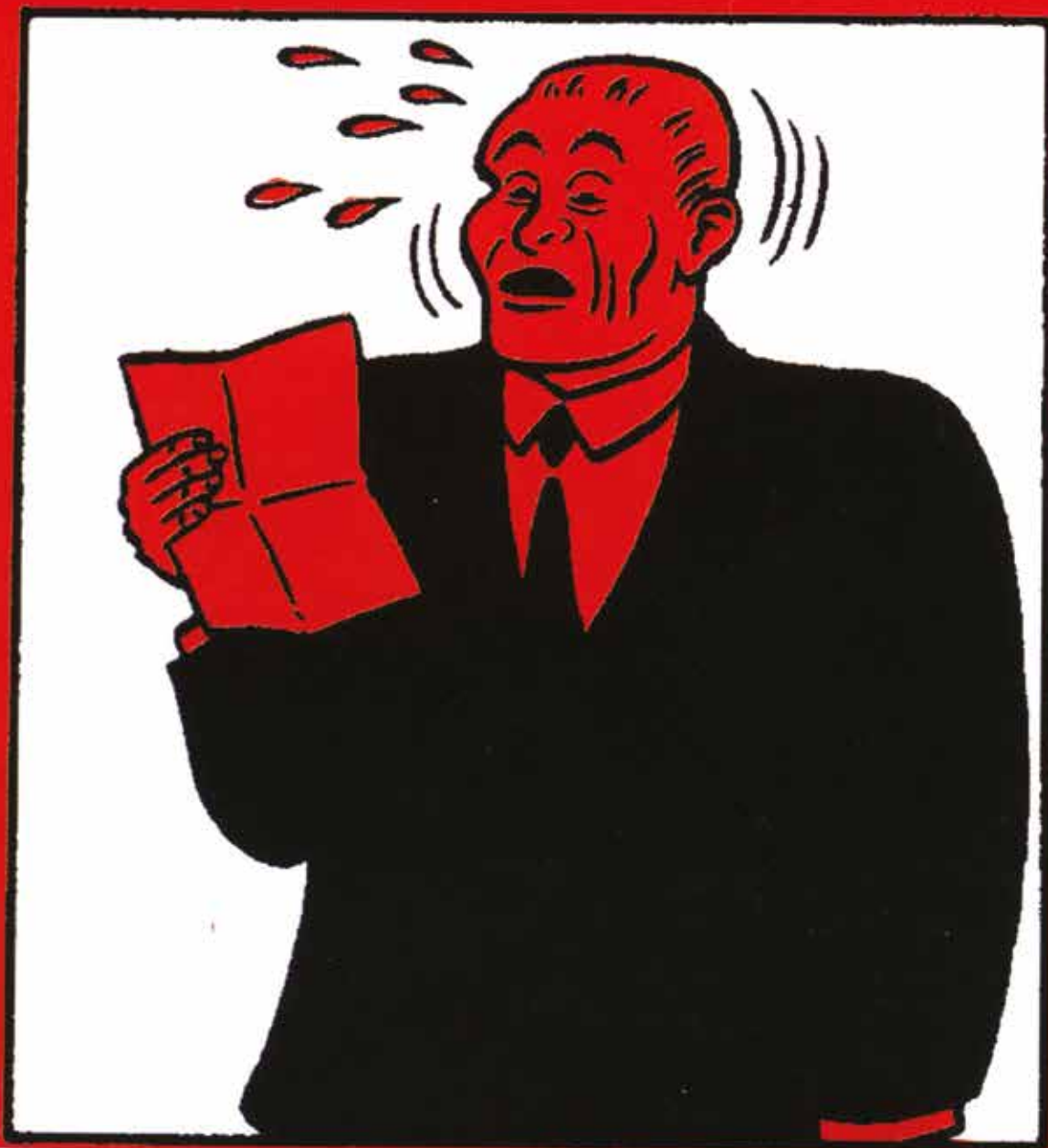
HIE should work to exploit better the potential for cross-sector linkages into other key sectors – most obviously software (digital media), tourism (e.g. festivals and events), food a drink (sponsorship etc) and life sciences (digital health). This should also become a more explicit part of the remit of the trade networks.



18.02

КЛУБ НА БРЕСТСКОЙ

22.00



НИКОЛАЙ ФОМЕНКО

ПРЕДСТАВЛЯЕТ РОК-ПРОЕКТ RUSSIAN AGE

OUR SMALL CAPITAL

# APPENDIX D: OPPORTUNITY ANALYSIS

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## START-UPS

It should be noted that because of the focus of HIE support and HIE's Brief, in our research we did not consider the initial advice to business start-ups which is provided by Business Gateway, or support by agencies such as the Prince's Trust.

At the same time we recognise that growth can come from very unexpected quarters and entirely accept that the nature of the creative industries – and the importance of creativity that captures the Zeitgeist and delivers an unforeseen hit – means that creative talent, coupled with the keen eye of a creative entrepreneur and an element of luck, can create a global phenomenon that is not part of any planned, strategic business development programme.

In this context it is imperative to understand that the ecology of a successful creative industries sector depends greatly on a series of factors – cultural, educational, experiential, familial, and the like – that lie outside the scope of this piece of work but which draw deeply upon HIE interventions that strengthen communities. In our view there is a need to think carefully about the alignment of this Strategy and HIE's Strengthening Communities strategy, to ensure that the region can derive maximum benefit from HIE's investment in both.

## 1. METHODOLOGY

In developing this Strategy, a series of actions was envisaged which would build the understanding of the region's creative industries by developing a picture of:

- The economic mappings of creative industries, or sub-sectors of creative industries, at a sub-regional, national or UK-wide level.
- The current interventions by HIE, particularly those:
  - specifically designed for the creative industries; and
  - those that reflected generic business development support.
- The current role of partners in supporting the region's creative industries, most particularly agencies in Edinburgh, Glasgow and London, such as:
  - Creative Scotland.
  - Scottish Development International.
  - Scottish Enterprise.
  - UKTI.
  - British Council.
- The role of Scottish and UK trade bodies.
- The experience and needs of creative businesses as they seek to achieve a business development strategy that is growth oriented, always recognising the need to posit support that they might not immediately identify, and test with them its potential benefit.

### Key tools in this process were:

- Evaluations of and reports on these interventions or partner programmes.
- Desk research into the approach of other similar agencies in their support for creative industries, looking particularly at sub-national regions or small nations.
- Face-to-face or telephone interviews with key individuals within HIE including local offices, to build a picture of understanding, co-ordination and provision.
- Face-to-face, telephone or group interviews with creative entrepreneurs from the region.

## 2. A SWOT ANALYSIS

The information that we have processed has been considerable and has led us to develop the following SWOT analysis of the issues facing HIE. This knowledge, coupled with our experience of working with the creative sector in an economic development context for over 19 years, has informed the development of this Strategy. Many of the interventions recommended in the Strategy have been tried in other environments, and we believe that they can be nuanced to provide particular value to creative business development in the Highlands and Islands. Others are new, partly drawing on an analysis of expressed and implied need, but rooted in a sound understanding of the sector's ecology and the changing nature of business models within the sector.

### Strengths

- Inherent regional creativity and a strong history of making, reflecting both traditional and contemporary influences, has ensured an impressive skills base in many sub-sectors (e.g. crafts, fashion and textiles, music, writing).
- Strong sense of cultural diversity, most obviously evidenced in the Gaelic language but also through the influence of historic relationships with Denmark, England and Norway, coupled with a strong sense of the region's diaspora (particularly in Canada and the USA).
- Trade Networks have successfully engaged the sub-sectors within which they operate, delivering more targeted support, nuanced to need, particularly capacity building.
- Global brands of cultural importance, both from within the sector (particularly Harris Tweed) and in food and drink (particularly the luxury whisky brands), are assets that underpin the region's international brand identity and recognition.
- Significant investment in high speed fibre optic broadband connectivity for business and the general public (the business operations environment within which many micro- and small- creative businesses operate) is in place, and the roll-out programme is taking place.
- Inverness is well connected by plane outwith Scotland, with regular flights to Amsterdam, Geneva, London and Manchester, and the wealth of international connections that they afford.
- goNorth, now XPONORTH is gaining wider international recognition, particularly within the music industry. It's influence and impact has the potential to grow still further.

- Despite being significantly undervalued in mappings, the music sector has been particularly well served by the goNORTH/ Trade Network strategy. The region's music sector is gaining greater visibility both within the UK and internationally, arguably punching above its weight.
- BBC Alba, the Gaelic language channel's twin location in Stornoway and Glasgow has provided a focus for television production, together with access to a "local" commissioning budget.

### Weaknesses

- Given the sector's potential, growth-oriented business skills in the creative industries are underdeveloped, necessitating more targeted support that genuinely reflects the sector's ecology and modus operandi.
- Within the context of HIE, improved metrics will lead to a greater understanding of the sector and will ensure a more consistent approach to support across the organisation.
- Opportunities to take products beyond their cultural base, creating new partnerships and perhaps modifying the product in the process, thereby engaging with new audiences, are underdeveloped. For many businesses a wider customer base is required to stabilise work flow.
- Tertiary education provision in the region is limited. Many young people who seek to be educated at degree level and above are obliged to leave the region.
- The region lacks the higher education base – in mathematics and computer science – that would see both retention of young people and the emergence of a skilled local sector around digital content production.
- Research facilities in the region are limited and, in the context of the creative industries, offer medium- to long- term potential given appropriate focus and investment.
- With travel times of under 75 minutes, the region (particularly Inverness) often seems better connected with London (and other English cities) than major Scottish centres, arguably limiting access to markets in Scotland's central belt.
- Physical and virtual networks are critical to the sector's business. In and outwith the region they can be grown to deliver further commercial returns.
- Digital broadband roll-out is on-going. A solution is being sought for the 16% of the region's population who will not benefit directly.

- In many sub-sectors market opportunities are overlooked, as the potential of the periphery is not appreciated; and whilst there is a growing appreciation of the impact of digitisation across the creative industries, more must be done to ensure that creative entrepreneurs see the potential of new business models, new markets, and new approaches.
- The potential of the region's creative industries offer can be further exploited. XPONORTH is an important step in the right direction but more must be done to project the region, both in terms of the originality of its creativity and to highlight the investment being made in its development. These two things must be understood as conduits to securing greater inward investment.

### Opportunities

- There is more creative talent in the region that can be developed and, given the right forms of medium to long-term investment, retained within or encouraged to return to the region.
- The region's cultural diversity offers great potential for collaboration beyond traditional partnerships.
- Being a remote and rural region should be seen as a strength, particularly when aligned with its dynamic approach to creative industries development. The region can become the global leader in this field, whilst simultaneously driving business growth and economic development.
- Digital connectivity, through broadband and, increasingly, mobile technology will provide the platform for truly 21st century engagement, through which the region's creative businesses can connect with markets, audiences, collaborators, agents and investors. The region can champion the development of new digital business models that maximise return for its creative industries.
- XPONORTH and the Networks must be rebalanced to better support and showcase the breadth (matching the success of music) of the region's offer and to highlight the potential of convergence.
- Greater engagement with and exposure to London's creative industries offers new opportunities. The importance of London to the global creative economy is significant and greater commercial engagement with London's creative sector, entrepreneurs and investors is essential if business opportunities are to be seized and growth delivered.

- The opportunity for young people who are seeking to build their careers in the creative industries, to engage more widely internationally should be better supported. Doing this will build international perspectives and networks, as well as build careers and business opportunities. At the same time a greater sense of the potential to build internationally connected but locally based creative businesses must be engendered amongst young people.
- Innovative partnerships with the region's creative entrepreneurs, supporting the emergence of new hubs that stimulate growth within creative businesses, could radically change and better target the resources available to the region's creative businesses.

### Threats

- New metrics are not created and misapprehension of the creative industries, and the factors that stimulate its growth, are compounded, leading to poor decision-making.
- Delays to current HIE interventions, particularly around broadband roll out, or the failure to capitalise on the opportunities identified.
- A strategy needs to be put in place to ensure that when the region produces a hit, it can capitalise upon the opportunities presented by the inevitable industry and media focus that would follow.
- The Strategy is not implemented in a nuanced and rounded way.
- The Strategy becomes inflexible and not able to respond to the dynamic nature of the creative industries.



### 3. A MORE DETAILED CONSIDERATION OF OPPORTUNITIES

We have identified four key areas of Opportunity. Whilst they are presented here as “stand alone”, they are all interrelated. Similarly, with a view to securing a wider return on investment, it is important to stress that in all four areas more will be achieved by understanding the relationship with and better aligning HIE’s strategies for Community Support and this Strategy, whilst always recognising and maintaining the essentially commercial nature of this Strategy.

#### INNATE CREATIVITY AND APTITUDE FOR INNOVATION

Creative talent is the natural resource of the creative economy. Unlike any other natural resources, it is spread evenly around the world, reflecting population distribution. This suggests that the Highlands and Islands in per capita terms should be home to as many individuals with creative talent as, for example, Manhattan. At the same time, people and businesses in the region have a natural inclination to be resourceful, to innovate to overcome the barriers they face. This innate creativity, combined with an aptitude for innovation, provides the opportunity for the creative economy to flourish if the right conditions can be created, conditions that nurture the sector’s development, both in commercial and creative terms. Harnessing digital connectivity and the region’s cultural diversity, through innovative policy and interventions will be critical for this opportunity to be realised.

#### POSITIONING THE REGION IN A GLOBAL CONTEXT

The Highlands and Islands is an area with low population density, with a preponderance of remote, rural communities, outside the main population centres. As such, the region’s experience – including its cultural diversity – reflects that of many other remote, rural regions in the EU and beyond. At the same time, global research shows that creative industries are characterised by many dispersed, micro-businesses, which despite their scale are capable of generating significant value.

To date internationally, most support for and research into the creative industries has focused on urban areas, where these businesses often cluster. There is a paucity of research that builds understanding of the creative industries as an engine of sustainable development and economic growth in a remote, rural economy.

This represents an important opportunity for HIE to show global leadership, by developing an innovative programme of research into the development of the creative economy and creative businesses in remote rural regions. This will help to target support more effectively and will address specific issues which limit growth (such as access to finance). It will also build the region’s reputation as a world-leader in the creative economy, helping to attract inward investment and supporting the export growth strategy.

#### ABOUT REMOTE, RURAL, REGIONS

Interesting work has been undertaken in Australia, Canada and Sweden looking at creative industries in a remote rural environment.

For more information see Appendix F.



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## GLOBAL CONNECTEDNESS

The Highlands and Islands currently suffer from the lack of reliable high speed broadband and 4G mobile infrastructure. Developing new markets, new audiences, and new creative business collaborations within and beyond the region requires a greater connectedness. New communications infrastructure is planned within the lifetime of the Strategy and this presents a significant opportunity to revolutionise the ability of creative businesses to develop the new business models that will underpin their future success. Now is the time to build support mechanisms which can be rolled out as the digital infrastructure is realised. Hence the Strategy adopts a phased approach, which allows time to develop a deeper understanding of the sector and where the greatest potential for growth lies.

It is also critical to plan for the next wave of technological innovation. Currently one, discernible and seemingly irresistible, trend is the shift from consuming content through static devices to mobile platforms. Any future HIE strategy for 4+G mobile connectivity must recognise the importance of changing patterns of consumption, production and distribution and how this is increasingly central to commercial opportunity within the creative industries.

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## CULTURAL DIVERSITY

The cultural diversity of the region should be seen as a strength and a key part of the region's 'offer'. Rather than simply marking the region as different, the presence of the Gaelic language and the different traditions (Nordic links, influences from non-native communities etc.) that underpin the individual character of the region's remote, rural communities ensure that cultural diversity is understood as an integral part of the region's identity. However this understanding has to develop further, to respond to the need to develop as well as protect distinctive cultural resources.

There is an important opportunity to take cultural goods and services (such as Gaelic film and TV production) beyond their usual sphere, to find new audiences and markets, and so secure a greater commercial return. By finding new ways of exploiting high quality local content, through novel collaborations and new markets, businesses will attract more private investment, become more sustainable and less dependent on public subsidy.

### ABOUT CULTURAL DIVERSITY

As defined in UNESCO's 2005 Convention for the Protection and Promotion of the Diversity of Cultural Expressions.

For more information see Appendix E.

## APPENDIX E: ABOUT CULTURAL DIVERSITY

### ABOUT SAM TÂN

Sam Tân is a Welsh-language television programme. Originally conceived by two Kent based former firemen, the show was produced by Bumper Films and Siriol Productions. The programme was originally commissioned by S4C in Welsh and then by the BBC in English. The programme was also produced in Gaelic, and broadcast on BBC Alba. Fireman Sam has been a significant global hit, today being broadcast in 90 countries and 25 languages. A series of books, magazines and toys, and a stage show, have all contributed to the value of this global character.

In positioning the Highlands and Islands as a leading creative economy, the cultural diversity of the region should be seen as a strength and an important element of the region's offer. Many other remote and rural areas have distinctive elements of culture they wish to nurture in a world where creative output is increasingly seen as homogenous and dominated by English-language content. The Highlands and Islands are recognised as distinctive and various aspects of cultural diversity offer potential competitive advantage.

### GAELIC LANGUAGE

One aspect which has great commercial potential is the Gaelic language. There is no reason why content created in the Gaelic language cannot resonate with and be commercially successful in other languages/countries, in the same way that the Welsh-language Sam Tân/Fireman Sam became an international hit. Public support for Gaelic language and culture can achieve wider ripple effects beyond the immediate beneficiaries if the potential of Gaelic content were exploited in different ways. HIE should seek to forge links between creative developments within and beyond the Gaelic community, in order to support creative innovation wherever it is happening, and encourage content production which currently tends to cater to a small Gaelic-language market to reach out to new horizons.

### HERITAGE AS OPPORTUNITY

The region's diversity is also reflected in the number of geographical sub-regions which see themselves as quite distinct. Various 'sub-brands' have been developed to promote the distinctiveness of areas like Moray, Orkney, Shetland etc. This presents a challenge when seeking to raise the whole region's profile as a creative economy, but it may also present opportunities.

The beauty and remoteness of the region and the distinct identities of different geographical areas, particularly of the islands. Tourism and many successful local brands – e.g. in food and drink – trade on the region's remoteness, rugged scenery, pure water, and peaty moors. There is a sense of provenance that is critical to some of the region's leading brands and, indeed, to many creative businesses. Romanticism about the region has been engendered since the Victorian era, is well established and embedded in the psyche of the global market.

While on the one hand this may be considered to hark back to a bygone era, this 'romanticism' potentially also brings connotations of creativity and originality which may be desirable in the context of the creative industries: the Highlands and Islands is a region where people have the space and time in their lives to create new, interesting and original content.

The challenge for HIE is how to provide support which the businesses (often sole traders) find relevant and useful, when their focus may be on creating content rather than on commercial gain and targeting specific markets. By developing a deeper understanding of the needs of these types of creative businesses, and of how they operate, HIE can offer relevant and timely support, working with businesses to support their creativity and help promote their distinctiveness, while simultaneously nurturing the business skills and market understanding which are critical to commercial success.



# APPENDIX F: ABOUT REMOTE, RURAL REGIONS

## OECD CLASSIFICATION

OECD methodology is based on population density (OECD, Creating rural indicators for shaping territorial policy, Paris, 1994). It is based on a two-step approach: First, local units (e.g. municipalities) are identified as rural if their population density is below 150 inhabitants per square kilometre. Then, regions (e.g. NUTS 3 or NUTS 2), are classified in one of the 3 categories, including as a Predominantly Rural region (PR). A region is PR if more than 50% of its population is living in rural communities (with less than 150 inhabitants / km<sup>2</sup>). The OECD methodology is the only definition of rural areas internationally recognised. However, the results of this methodology are sometimes considered as imperfectly reflecting the rural character of areas, particularly in densely populated regions.

## 1. PHYSICAL AND DIGITAL REMOTENESS

As a region, the Highlands and Islands is characterised as an area with low population density, with a preponderance of remote, rural communities outside the main centres of population. It is defined by the OECD as a Predominantly Rural region (PRR). Save for Inverness (population 74,950, population density 25.3 people/km<sup>2</sup>, in an area of 2,961 km<sup>2</sup>)<sup>14</sup>, the region's capital and administrative centre, no other town or settlement in the region has a population of more than 10,000 people (the next largest centres are Fort William (9,820 people) and Nairn (9,200 people)<sup>15</sup>.

The EU classifies the Highlands and Islands as a remote region, as less than half of the region's population can drive to a city of at least 50,000 inhabitants within 45 minutes. This remoteness from a city suggests poor access to a tertiary education centre, expert medical facilities, and major distribution and transport hubs, all of which will diminish economic competitiveness for the region. The region is currently hampered by the lack of access to high speed broadband and/or G4 mobile telecommunications. For those used to having such access, including potential investors in the region, the absence of such infrastructure is an immediate and tangible indication of remoteness. Given the changes in creative business models, which have been driven by digital communication and social media, such remoteness is a significant limitation on the ability of a creative business to function competitively.

The Next Generation Broadband roll-out will achieve an 86% reach of high speed fibre optic broadband by the end of 2016. This will leave 14% of the population still digitally remote and we understand that discussions are on-going as to how universal coverage might be achieved within a reasonable cost. The University of Aberdeen's SIRA project<sup>17</sup>, focused on creative businesses in remote rural communities in North East Scotland, will specifically interrogate the impact of broadband connectivity and the project involves its provision via Satellite to a number of small rural creative businesses that will form case studies. This project may help to inform future plans.

## 2. CREATIVE INDUSTRIES IN A REMOTE, RURAL CONTEXT

Whilst the importance of the creative industries has been widely researched and evidenced in the context of national, regional and city governments, most researchers have focused on urban environments. There is a paucity of research looking at the creative economy of remote rural areas. Where there is research, this is largely focused towards a greater appreciation of the social cohesion that culture brings and its ability to make 'place'. Embedded within current HIE strategies, there is already a strong sense of how culture can be harnessed to deliver for communities, but the economic potential in the past has received less attention.

In international terms the focus of dialogue around creative industries in a rural context has largely been driven by research in Australia<sup>18</sup> and Canada<sup>19</sup>, though again there is a strong focus on the ability of the arts and creative industries to support and strengthen communities, together with the need to respond to the cultural development needs of indigenous peoples and the need to address issues of environmental sustainability.

Research in northern Sweden (Skoglund and Jonsson<sup>20</sup>) looked at the creative and cultural industries of Jämtland county, provides an interesting case study showing how significant the contribution of small creative businesses to a regional economy can be. The sector was made up of micro-businesses (65% self-employment), many of which operate across sector boundaries, and accounted for more than 10% of the county's businesses, providing a total of over 4,000 jobs.

The EU's Northern Periphery Programme (2007-2013) included several projects potentially of relevance to the creative industries of the Highlands and Islands. Most notably NoCry and NoCry<sup>21</sup> looked at youth entrepreneurship in the creative industries, and Creative Edge<sup>22</sup> specifically seeks to develop and present practical solutions to the issues facing creative businesses operating in peripheral regions.

<sup>14</sup>NRS mid-year estimates, 2011

<sup>15</sup>NRS 2010 settlement populations

<sup>16</sup>[http://ec.europa.eu/regional\\_policy/sources/docgener/focus/2008\\_01\\_rural.pdf](http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf) - EU Regional Policy

<sup>17</sup><http://www.dotrural.ac.uk/sira/index.php?page=home>

<sup>18</sup>For example, Developing and Revitalizing Rural Communities Through Arts and Creativity, Dunphy, Kim (March 2009)

<sup>19</sup>For example, Growing the Creative-Rural Economy in Prince Edward County, PELA Institute for Rural Development/Queen's University (April 2008) and Canada's Creative Corridor: Connecting Creative Urban and Rural Economies within Eastern Ontario and the Mega Region, Martin Prosperity Institute (August, 2009)

<sup>20</sup>The potential of cultural and creative industries in remote areas, Wilhelm Skoglund and Gun Jonsson (2012)



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Within the UK, the Rural Cultural Forum<sup>23</sup> in England has estimated a £500 million per annum contribution to the rural economy by the creative industries and has asserted that this contribution could be doubled, to £1 billion, by 2015 given appropriate policy interventions. It is advocating for a rural cultural strategy (for England) and has produced two reports<sup>24</sup>, both of which focus on cultural entitlement, cultural efficacy and cultural responsibility rather than the economic dimension, but cultural efficacy begins to make an economic case for investment e.g. research<sup>25</sup> cites practical examples of the economic potential of creative farmers (e.g. Michael Eavis of the Glastonbury Festival), the untapped creative potential and cultural capital of rural areas and the significant contribution of the rural creative industries to England's creative economy.

### 3. OPPORTUNITY FOR HIE AND ITS PARTNERS

A good understanding of creative industries in a remote, rural context is critical to the development of the creative economy, and from this brief analysis of recent and current research it is apparent that thought-leadership, research and high quality policy debate are currently missing in this field. This presents an opportunity for HIE (and for UHI), in terms of developing the region's leadership role in the context of the global creative economy agenda. This can benefit the region both in direct economic terms (through more nuanced and more refined support) and indirectly by positioning the region as a centre for research, creativity and innovation in the development of the creative economy.

<sup>21</sup>[www.creativeyouth.eu](http://www.creativeyouth.eu)

<sup>22</sup>[www.creative-edge.eu](http://www.creative-edge.eu)

<sup>23</sup><http://www.ruralculture.org.uk>

<sup>24</sup>Creative Rural Communities: Proposals for a Rural Cultural Strategy Littoral Arts Trust, July 2010; Rural Cultural Strategy: an Independent Study Report Bianchini, Bailey and Medlyn, March 2012

<sup>25</sup>Arts in rural England: Why the arts are at the heart of rural life, November 2005 (Arts Council England); Rural Innovation, December 2007 (NESTA)



## APPENDIX G: UNDERSTANDING CREATIVE BUSINESSES

### 1. CURRENT ECONOMIC DATA

The creative and cultural industries are variously described as a 'sector' and as 'industries', but neither term adequately reflects the depth and breadth of this area of economy activity, nor the wider cultural, social and economic contribution it makes to the Highlands and Islands economy.

Various pieces of work have been undertaken to scope the scale and economic value of the creative industries in Scotland and in the Highlands and Islands.

The Key Sector Report<sup>26</sup> on the creative industries in Scotland gave the following description:

'The sector is characterised by Scottish owned, small businesses. In 2008, 97% of enterprises were small (0-49 employees). Splitting this category further shows that 60% of creative industries registered enterprises had zero employees whilst 37% of all creative industries registered enterprises had 1-49 employees. The majority of enterprises in the sector are Scottish-owned (97%), accounting for 69% of employment. Self-employment of 24% in 2007 is double the Scottish average...

Turnover varies considerably across the sector, with computer games and software (£1.7b in 2007), architecture (£1.5b in 2007) and publishing (£0.8b in 2007) - these three sectors accounted for over 75% of the sector's total turnover in 2007.

Employment in the sector increased by 3% between 2006 and 2007, while the estimated number of enterprises registered in the sector increased at a faster rate than the average of the Scottish economy over the last decade.'

The Scottish Government Economic Strategy (GES) states that:

'some sectors and firms offer the opportunity to strengthen Scotland's areas of international comparative advantage, through achieving critical mass and boosting productivity. Sectors have the potential to make a significant contribution to increasing Scotland's growth where:

- Scotland has distinctive capabilities and businesses with the potential to be internationally successful in areas of global demand;
- They currently account for a significant part of the Scottish economy and reflect the contribution of all areas of Scotland; and
- Government intervention can make a significant difference to future success by facilitating or accelerating development in areas where the market alone cannot deliver the best outcome.'

According to the Key Sector Report, 'Scotland's creativity is recognised throughout the world and has a strong international reputation. Scottish art, film, fashion, music and literature are well recognised as is its design, IT and computer gaming industries. The sector has grown rapidly over the past 10 years and with appropriate support has potential to grow further.'

This is the basis for providing targeted public sector support to the creative industries in the future.

In 2012 Creative Scotland commissioned an economic impact assessment of the arts and creative industries<sup>27</sup>. According to their analysis, the 'arts and creative industries' GVA accounts for £3.2bn. 40% of employment is said to be concentrated in Glasgow and Edinburgh. The study estimates that overall the arts and creative industries generate an additional £3.06bn turnover in indirect impacts (supply chain impacts), and induced effects (spending by those employed directly or indirectly) of £2.22bn turnover. In relation to the Highlands and Islands specifically, HIE commissioned a baseline study which put GVA at £318m, turnover at £739m and employment at 16,297 (7.7% of regional total).

## 2. GAPS IN THE DATA

While the data outlined above provides some top-level information for the Highlands and Islands, there is a lack of the detailed information that is needed to provide the evidence base for effective intervention in the sector. Not only is there a lack of basic data (the baseline study commissioned by HIE<sup>28</sup> noted: 'If sourcing robust and reliable data on the economic scale and structure of the creative industries is problematic at UK level, these challenges are magnified when looking at a region such as the Highlands and Islands.'), there is also no comprehensive study and analysis of these important industries across the region. Some work has been undertaken in relation to specific sub-sectors<sup>30</sup> or in particular geographical areas<sup>31</sup>, and in a subsector in a geographical area<sup>32</sup>, but even here there is a lack of profile information about the creative and cultural businesses in the Highlands and Islands, which is needed in order to target and design effective support.

Creative industries, wherever they are located, tend to be populated by micro and small businesses. A very significant proportion of these businesses are not picked up by mining the traditional data collection mechanisms of the SIC and SOC codes, and/or many are not registered for VAT. As a consequence, these businesses, and their economic contributions, are essentially invisible and underreported both in terms of their profitability and contribution to the wider economy.

## 3. CREATING THE CONDITIONS NEEDED FOR THE CREATIVE ECONOMY

A leading academic in the field, Professor Richard Florida<sup>33</sup>, has identified three critical factors to the development of a vibrant creative economy. Albeit that these factors are expressed in the context of the growth of urban creative economies, it is perhaps worth pondering their relevance to a remote, rural region like the Highlands and Islands. Florida has argued that it is the convergence of these three elements that frame the environment within which the creative economy can thrive. Below we consider each in turn and reflect upon their relevance to the Highlands and Islands.

### 3.1 Talent

Creative talent is the natural resource of the creative economy. Unlike any other natural resource it is spread evenly around the world, reflecting population distribution. This suggests that the Highlands and Islands in per capita terms should be home to as many successful individuals with creative talent as, for example, Manhattan.

Obviously this is not the case, because whilst nature spreads the talent evenly, it is nurture that allows that talent to blossom, develop and excel. So what is it that centres such as New York and London have that is missing in a remote, rural region? Critical factors in the nurturing process here are access to the great public institutions - museums, galleries, national theatres, libraries etc. - that are found in any major urban centre. We'd like to see the location of academic institutions that focus on creative subjects (like the University of the Arts London or Glasgow School of Arts) and a wider student body with an appetite for creative outputs (from clothing to performance to innovative apps) and you have an environment within which creativity can be honed and market tested.

### 3.2 Technology

Florida originally identified that the proximity of technological innovation, i.e. an environment where this type of innovation was taking place, coupled with an infrastructure the sector could use, made the difference to stimulating the wider economy. More recently it has become apparent that the greater relevance of technology is in the context of communications and social media.

Successful creative businesses are user-focused, need a good understanding of their markets, the ability to respond quickly to market trends, and often depend on collaboration within and across disciplines. In the modern world, online communications, social networks and mobile communication are all vital tools in ensuring this responsive networked approach to doing business.

Arguably the availability of high speed broadband and reliable digital mobile phone communication are the critical factors, but experience elsewhere has shown that technological innovation tends to require proximity to university campuses where there is a high concentration of computer scientists and mathematicians, who are the backbone of this technological revolution.

<sup>26</sup>Creative Industries Key Sector Report, Scottish Government 2009

<sup>27</sup>Economic Contribution Study: An approach to the economic assessment of the arts and creative industries in Scotland, DC Research (June 2012)

<sup>28</sup>Creative Industries Baseline Study, EKOS (2011)

<sup>29</sup>Evaluation of HIE support for the creative industries, EKOS (February 2013)

<sup>30</sup>Traditional Arts Working Group Report, Francis, Dalgety, Eydmann, Kennedy, Kirkpatrick and Melin for Scottish Government (January 2010); Craft in an Age of Change, BOP Consulting for Crafts Council, Creative Scotland, Arts Council of Wales, and Craft Northern Ireland (February 2012); Music Sector Review, EKOS for Creative Scotland (May 2013).

<sup>31</sup>Economic Impact Case Study for arts and creative industries, Eilean Siar, DC Research (2012); Creative Industries Audit Report for HIE Moray, EKOS (March 2011); Creative Industries in Shetland Today, Summary Report for Shetland Creative Industries Unit, EKOS (February 2008); Stories and Fables - Reflections on cultural development in Orkney, Francois Matarasso for HIE (January 2012).

<sup>32</sup>Harris Tweed Industry, Economic Impact Study, ALBA Consult for HIE (May 2010); The Harris Tweed Industry, Future Innovation and Sustainable Growth, Weave for HIE (November 2012).

<sup>33</sup>Florida is the author of the Rise of the Creative Class (2004), Flight of the Creative Class (2006) and Who's Your City (2008), amongst other books on the creative economy.

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### 3.3 Tolerance

Tolerance is perhaps the most difficult of these three characteristics to engender through the usual mechanisms of public policy. Why is tolerance so important? Simply because it underpins the environment within which free thinking, openness and flexibility of mind, all prerequisites for innovation, can be encouraged. In Florida's view tolerance was best measured through a 'Bohemian Index', within which cities like London perform highly because of their diverse ethnic communities, and their acceptance of same sex relationships and the wider equality agenda.

How well would the Highlands and Islands perform on such an index? The region is increasingly home to individuals and families with no immediate relationship to the area, economic and retiree migration have been significant factors in population growth. After the English, Polish migrants are the largest group, indeed most migration into the region is from white, European communities, which perhaps makes integration easy. Whether the region would be regarded as 'tolerant' is a question that requires further research, and the relevance of that research should not be underestimated in terms of its relationship to the performance of the region's creative industries.

In addition to nurturing these three elements, the psychology of creative talent has to be better understood and accommodated in business support services. This is a sector that is as readily motivated by the realisation of its creativity as it is by economic reward. Belief within the sector is often that enduring recognition will only come through the former and not the latter, which is a fallacy. Enduring recognition may seem like a strange driving force but is that really so different from the need for any brand to keep itself in the consumers' field of vision?

Arguably the great balance to be struck in providing business support to creative businesses is between pragmatic, sure-footed steps that will create a sustainable business model and the emotional intelligence that recognises that the seeming whimsy that underpins creative success has, in fact, to be nurtured and that this is part of the business development process.

### 4. The nature of creative businesses

In order to be able to target support effectively, HIE needs to be able to identify the individuals that have the capacity to grow their business and what would a growth pattern look like.

Too often the preponderance of micro and small businesses within the sector leads to the creative industries being characterised as being populated by lifestyle businesses, which implies that they are not businesses that are in pursuit of growth or genuine business opportunity. Whilst it is true that some micro businesses/sole traders are operating in that way, to characterise all of them as not seeking growth or business opportunity is to fail to understand the nature of these businesses and the commercial relationships within which they may be operating. The truth is that many of these individuals are keen to grow what they do but do not understand the mechanisms that will allow them to do that.

Seemingly this can also be true in fields like design, fashion, craft, and even app and video games development. Seemingly apocryphal stories of highly successful businesses that emerge from back bedrooms or sheds, are arguably more common in the creative industries than in any other sector, simply because setting up and beginning to work in the sector does not have high entry costs and, therefore, predisposes itself to start-ups of this kind.

In the early stages of business development, micro and small creative businesses often operate in a part-time or extramural world, developed in the margins of other employment, which may be the mainstay of an individual's economic security. This is not to say that these businesses do not have great economic potential, the difficulty is in identifying and then providing appropriate support for those that have the inherent ability to realise their commercial ambitions.

As well as businesses which have their origins in the region, many who have been successful elsewhere choose to relocate to the region, bringing with them a wealth of experience of the sector and networks outwith the Highlands and Islands - experience and networks that can be harnessed towards the successful development of nascent creative businesses in the region.

This Strategy therefore includes plans for further research to develop understanding of the scale and nature of the 'creative industries' in the region, and to identify opportunities to support the development of a creative economy.

## APPENDIX H: OBJECTIVES AND DELIVERY

This Appendix provides information about the Objectives and their relationship to both the Aims and Interventions, by providing a rationale for their implementation. The second part of this Appendix looks at the delivery of each Intervention (detail about each Intervention is then provided in Appendix I) and provides a diagnostic to support their prioritisation.

### 1. OBJECTIVES AND THE RATIONALE BEHIND THEM

To achieve the Vision three aims have been identified and within these a series of Objectives have been established. This section provides a rationale for each Objective.

**AIM:** To build the region's profile and reputation as an exemplar for the successful development of the creative economy in remote, rural regions.

**OBJECTIVE:** Show global leadership on the development of the creative economy.

**RATIONALE:** HIE will develop the region's global reputation as a place with natural resources, diverse cultural traditions and future focused businesses that is attractive to inward investment. This will be achieved by developing the region as a centre of research and action to support the creative economy, and by developing partnerships to help deliver innovative business support and to foster commercial collaboration UK-wide and overseas.

**OBJECTIVE:** Engage Young People

**RATIONALE:** The greater engagement of young creative entrepreneurs, students and young people in the delivery of this Strategy will ensure that it is future focused and able to both deliver local creative jobs and build local creative businesses. Young people remain particularly adept as early adopters of technical innovation and provide a particularly strong bell weather for cultural, creative and market changes.

**OBJECTIVE:** Develop XPONORTH

**RATIONALE:** Both XPONORTH and the Trade Networks represent significant innovation and are central to the further development of the region's reputation as

a centre for innovation in the development of the creative economy of remote, rural regions. However, more can be done to support the development of the region's international reputation, by facilitating more international partnerships and taking the best of XPONORTH to key markets.

**OBJECTIVE:** Celebrate success

**RATIONALE:** The planned interventions aim to celebrate success, raise the profile of successful local creative entrepreneurs and applaud their achievements. By celebrating success through awards and championing activity, HIE can raise the region's profile as a centre of creativity and innovation, and build wider public understanding of the investment being made in the creative economy.

**AIM:** To support emerging and established creative entrepreneurs with the aptitude, flexibility and tenacity to build dynamic, innovative, sustainable and competitive (DISC) creative businesses within the region.

**OBJECTIVE:** Grow new markets

**RATIONALE:** Internationalisation of the region's creative businesses is essential if they are to achieve their true potential. In part, this requires innovation in their offer to allow them to step beyond traditional local, regional, diaspora and tourist markets which present limited opportunities for growth. This requires better understanding of markets and consumers in those markets, wider opportunities for international collaboration, and greater participation in targeted (both in terms of businesses and events) showcases and trade fairs. More work is also required to ensure that changing demographics and patterns of consumption and distribution are addressed in creative business models, that will ensure that markets can be targeted and communications technology used more effectively.

The successful strategy that has been developed to bring international buyers to goNORTH and now XPONORTH, must be extended beyond music into other sectors. The EXCITE programme should be further interrogated as a model that can be developed further and deployed in other sectors and markets.

**OBJECTIVE:** Build commercial networks

**RATIONALE:** Networks are critical to the success of creative businesses. They are the mechanisms for sharing intelligence (new tendencies, new market opportunities) and projecting talent into new arenas, and they foster the collaborations that are at the heart of creative business development. Informal networks are the norm in the creative industries. The Strategy envisages interventions to strengthen informal networks, develop networking skills and experiences, and develop more formal networks (regionally and in key commercial centres).

Convergence demands that creative businesses look beyond the narrow band of their sector and build relationships that allow value to be developed and leveraged in other sectors. Consequently, the Trade Networks must be tasked with responding to convergence and facilitating working across creative industries sectors and beyond.

The Trade Networks are an essential and innovative part of HIE's offer. A different developmental approach is required for potential high growth sub sectors, stimulating investment (specifically inward investment and more local investment networks), and building and maximizing industry links with the region.

**OBJECTIVE:** Improve access to finance

**RATIONALE:** Creative entrepreneurs need support in developing the skills and financial tools that allow them to access finance and investors. Finance and investors can come from traditional routes, although this can be problematic because of a failure on the part of traditional lenders to comprehend the nature of risk in the creative industries. Consequently mechanisms like angel investment and crowd funding need to be developed, as these have proven to be particularly useful for creative businesses seeking investment.

**OBJECTIVE:** Develop public-private partnerships

**RATIONALE:** New public-private sector partnerships are required to develop new commercial opportunities and technology must be better leveraged as a tool to support creative business development.

**OBJECTIVE:** Measure success

**RATIONALE:** A new approach to measuring and understanding growth is required. Interventions need to reflect the fact that, in this sector, value is created by one of three mechanisms: exploiting intellectual property rights, exploiting reputation, or through successful collaboration. In all three cases business size and scalability are not critical to profitability and value creation.

The nature of the creative industries is that real opportunities and profits are realised at the margins. Consequently, assessment based on employee numbers, turnover and GVA will fail to reveal genuine growth potential. We recommend that growth potential is rather seen in terms of profitability, and that other factors are taken into account, such as cash flow, return on investment, or the role an individual or business plays in the wider community.

Once new metrics have been developed, further local mapping will be required to identify the creative entrepreneurs and creative businesses that currently sit outwith the support mechanisms and, with existing client businesses of the Trade Networks, Account Management and other support systems, to create a base line from which to measure and evaluate the impact of interventions.

**AIM:** To leverage more from existing assets and activities, to ensure the most appropriate support for creative businesses is provided across the region and to ensure that HIE sees an appropriate return on its investment.

**OBJECTIVE:** Strengthen and expand existing mechanisms

**RATIONALE:** The role of XPONORTH and the Trade Networks must be strengthened, continued and expanded.

Going forward, XPONORTH will be the flagship event, showcasing talent, facilitating networking and business, and extending the debate. It must remain business focused and, at the same time, needs to provide greater balance in its reflection of sub-sectors, and in fostering collaboration and an understanding of convergence and new business models. It must also become the "go-to" creative industries event in Europe.

Ownership of XPONORTH should, in the medium-term, remain vested in HIE though we envisage that as part of this Strategy, steps should be taken to secure its long term future as an organisation that acts independently of HIE but responds to and is a partner in HIE's strategy for the development of the region's creative economy.

**OBJECTIVE:** Build knowledge within HIE

**RATIONALE:** Understanding of the creative industries, what makes them different and necessitates particular approaches, needs to be mainstreamed within HIE. Whilst responsibility for delivering the Strategy should be vested in one team, that team will need to work closely with colleagues across the organisation to ensure that the Vision is realised.

Whilst the expertise of those involved in the Trade Networks is recognised by participating creative businesses, the knowledge and experience of HIE staff is perceived to be less consistent, particularly as it pertains to creative enterprise and creative entrepreneurship.

**OBJECTIVE:** Integrate existing business support mechanisms

**RATIONALE:** Stronger communication, and a greater unity of purpose and integration between the Trade Network and account management must be achieved. The expert knowledge of those supporting the Trade Networks must be drawn on as a resource within Account Management. Together they have a critical role to play in the development of DISC creative businesses.

Every creative business in Account Management should be part of the relevant Trade Network and the Trade Networks should be more closely integrated with Account Management and other HIE business support products, to facilitate knowledge exchange between those involved.

**OBJECTIVE:** Develop a cross-sector approach

**RATIONALE:** There is a need to recognise the role that the creative sector can play in ensuring the greater competitiveness of other growth sectors in the Highlands and Islands: Food and Drink, Life Sciences, Energy, Business Services, and Tourism, whilst also developing another growth sub-sector regionally.

In common with other sectors, there are issues (such as succession planning) that are likely to undermine the long-term viability of some of the businesses within it. The needs of the sector should be considered alongside the needs of other sectors, in such areas of cross-sector concern.

**OBJECTIVE:** Develop international business

**RATIONALE:** Existing support to develop international business is greatly valued, and this should be continued, whilst further emphasis will be placed on ensuring businesses are ready to fully realise the potential of working internationally.

**OBJECTIVE:** Build the skills needed for growth

**RATIONALE:** There is a need to better understand the skills needs of creative businesses in the region, to ensure that the gaps that are inhibiting growth are addressed. Stronger digital technology skills must be developed locally within the creative sector. The absence of a local, high quality mathematics or computer science faculty negates the region's ability to build its own digital technology cluster and necessitates wider partnerships that can build both academic and business links and transfer knowledge into local creative businesses and cultural resources.

**OBJECTIVE:** Make better use of regional cultural assets

**RATIONALE:** Regional cultural assets, within both the public and private sector, which receive support from HIE (An Lanntair, Creative Industries and Media Centre, Ironworks, Mareel, Pier, St. Magnus International Festival etc.) can do more to support the development of the creative industries locally. These organisations play a significant role in developing both creative talent and exposing audiences and artists to new trends, and in some cases already support local creative businesses in developing local audiences and local markets. Knowledge should be

developed and good practice (e.g. the Youth Employment Programme that has been developed with Ironworks) shared across these institutions. The provision of appropriate and sustained support for the successful development of local DISC creative business, particularly where this facilitates collaborations across sub-sectors, should be a factor that is considered when contemplating the allocation of future HIE funding.

The presence of BBC Alba in the region presents key opportunities for local content production. With its commissioning budget it can be a significant tool in stimulating local content production. However, there is a danger that an over reliance on this funding inhibits commercial instincts. HIE needs to develop a new strategic dialogue with the BBC, MG Alba and other investors in content that looks at how wider commercial opportunity and stability can be engendered without creating dependency.

**OBJECTIVE:** Leverage more from tertiary education

**RATIONALE:** The successful on-going development of the University of the Highlands and Islands (UHI) is critical for the region's creative economy. However UHI is a young university with a research and academic base that has yet to develop a reputation for excellence. Consequently many of the region's young people move away to study and UHI attracts very few foreign students. It is imperative that UHI's development be supported, particularly in the context of its response to the creative industries and how it can play its part in delivering this Strategy. We suggest that UHI should be encouraged to develop a teaching and research base focused on understanding the creative economy in the context of the economic development of remote, rural regions through the creative industries, to complement its established programmes around music and other sub-sectors. HIE could immediately advance this by supporting a programme of Visiting Professorships, with this focus and aligned closely to the objectives of this Strategy.

Beyond the relationship with UHI, the knowledge, teaching and research capabilities of other academic institutions, in and without Scotland (for example Glasgow School of Art) must also be harnessed to deliver to the Strategy, particularly in terms of building local skills, creative talent and creative entrepreneurship and to draw students into the region from elsewhere.

## 2. PRIORITISING THE INTERVENTIONS

In prioritising the Interventions we have considered a series of factors, including:

- Probable cost when measured against potential return.
- Degree to which the Intervention is already established and represents a significant degree of business as usual.
- Need, both established and perceived.
- Speed with which a return will be delivered.
- Degree to which it leverages external funding or has the potential to create an income stream.
- Degree to which it will impact but can only be achieved with HIE support.
- Degree to which a third party must lead and HIE can only support.
- The degree of causation and impact on other Interventions.
- Ease of implementation.
- Timeframe for implementation.
- Ease of outsourcing delivery.
- Time commitment for management/delivery by the central team.

There are obviously other factors that could be considered but given the Vision, Aims and Objectives we recommend that Interventions be prioritised as follows.

- 1 Develop New Metrics
- 2 Internationalisation
- 3 go-to XPONORTH
- 4 Design Services Trade Network
- 5 Digital Media
- 6 Creative Economy Champions
- 7 Digital Engagement in Strategy Delivery
- 8 Develop HIE's capacity
- 9 Building local skills and capacity
- 10 Creative Business Investment
- 11 London Creative Industries Drop Down Centre
- 12 Conference and research
- 13 21st century crafts
- 14 Building the research base
- 15 Content and Cultural Diversity
- 16 Local hubs with digital tools
- 17 International placements
- 18 Creative Entrepreneur awards
- 19 Digital Inverness
- 20 Outwith network
- 21 Cultural venue network
- 22 EU Creativity on the Edge

## APPENDIX I: INTERVENTIONS

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1. 21st century crafts
2. Building local skills and capacity
3. Building the research base
4. Conference and research programme
5. Content and Cultural Diversity
6. Creative business investment support
7. Creative Economy Champions
8. Creative Entrepreneurship awards
9. Cultural Venues network
10. Design Services Network
11. Develop HIE's capacity
12. Develop New Metrics
13. Digital Engagement in Strategy
14. Digital Inverness
15. Digital Media Development Support
16. EU Creativity on the Edge
17. go-to XPONORTH
18. International Placements
19. Internationalisation
20. Local hubs with Digital Tools
21. London Drop Down Centre
22. Outwith network

This Appendix contains more detailed information about the Interventions proposed by ASA as a mechanism for advancing this Strategy. For each Intervention this includes a description of:

- How the Intervention responds to the Vision.
- The purpose of the Intervention.
- The rationale behind the Intervention.
- Proposed actions during the Strategy (essentially a time-line of activity) to ensure delivery of the Intervention.

Interventions are either:

- More of or a re-shaping or re-focusing of an existing area of HIE support for creative businesses, or
- A new area of support devised to build upon opportunities, by both building on earlier work and by breaking new ground.

Appendix H provides more information about the prioritisation of the interventions, which are listed here in alphabetical order for ease of reference.







## NEW INTERVENTION: 21ST CENTURY CRAFTS

### PROPOSED ACTIVITIES

#### 1. Preparation:

Detailed dialogue with the TSB is developed. Local partners, including academic partners (recognising the business focus of this intervention), are identified. HIE commits resources to the project's development.

#### 2. Consultation:

Consultation with the crafts sub-sector, capturing their ideas, concerns and building them into the partnership.

#### 3. Bid development:

Bid developed for submission to TSB for project funding.

#### 4. Bid submission

Bid submitted to Innovate UK.

#### 5. Project launch

Project formally launched at XPONORTH 2015.

#### 6. Project delivery

Project delivered over three years.

Delivers to the Vision by supporting the development of DISC creative businesses in the crafts sub-sector.

### PURPOSE

This new programme will devise new ways to use technology to enhance the operation of businesses in the crafts sector, challenging existing business models by interrogating the processes of production (including the creative process), distribution and consumption of crafts.

### RATIONALE

Technology is changing the ways in which consumers view design and crafts products, for example digital printing allows personalised designs to be printed in a range of forms, essentially allowing anybody to become a designer or crafts person. As it has done in other sectors this presents significant challenges to IP protection and current business models. Inevitably, this will make many makers wary of, and perhaps hostile, to technology-driven change. And yet these changes are inevitable and the crafts sector has to adapt to this new era if it is to be sustained.

This project will look at how technology can be harnessed to the benefit of highly skilled crafts people and designers by opening up new markets, creating new relationships with customers, and by articulating and leveraging the value of provenance in new ways.

### OUTCOMES

1. New DISC business models emerge for local crafts makers that sustain the resurgence in local craft making and build new marketing and business skills within the crafts sector.
2. New high value markets for local crafts are identified, supporting the development of new – technology enabled – high growth crafts businesses within the region.
3. Innovative new skills and tertiary education provision is developed within the region.
4. The Highlands and Islands reputation both as a centre of innovative crafts development and as a global centre for novel interventions in support of the creative economy in remote, rural regions is enhanced.

# INTERVENTION: BUILDING LOCAL SKILLS AND CAPACITY

## PROPOSED ACTIVITIES

### 1. Re-commission

The Trade Networks must be re-commissioned to reflect this Strategy. This should be done to ensure long-term delivery needs and objectives, particularly in terms of business skills development.

### 2. Audit 'skills needs'

In partnerships with SDS, undertake a 'skills needs' audit amongst regional creative businesses to identify immediate skills gaps and expected future requirements. Concurrently, identify the skills gaps that are inhibiting relocation.

### 3. Skills audit

In partnership with SDS, undertake a skills audit across the region. From this, and working with the Trade Networks, develop an approach that better facilitates matching skills to business needs, recognising the importance of flexibility in this process.

### 4. New interventions

In partnership with SDS, creative businesses, education and community institutions, develop new interventions to build the needed skills and plug gaps.

### 5. Evaluation

Continue to evaluate interventions to ensure that they are delivering to business needs and supporting both business development and growth.

Delivers to the Vision by leveraging more from existing HIE assets and supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

To grow the skills base and capacity in the region, thereby providing creative businesses with an environment within which they can develop and grow.

## RATIONALE

Ensuring that the region has the right skills set to underpin the development of the region's DISC creative businesses is essential. Without this it will be impossible to either build capacity or target new growth areas in the creative economy.

It is apparent that traditional creative skills (particularly in performance, making and writing) are strong in the region and there are pockets of excellence in other creative and technical skills, including the use of digital technology. At the same time business skills within the creative sector are often weak. All require on going support in their development but this is inhibited by the absence of a regional picture of skills. Consequently regionally skills must be mapped and pockets of excellence identified.

At the same time, the skills needs of DISC creative businesses must also be mapped both in terms of current and future needs. Tertiary education institutions and industry itself must be tasked with and supported in delivering the necessary training, so that the highly skilled workforce needed by the sector can be developed.

## OUTCOMES

1. Through mapping, a clearer picture of regional skills capacities and needs is developed, which can better inform strategic investment decisions and support growth.
2. Creative businesses are able to grow, providing new employment opportunities in the region, allowing young people to remain in or return to the region.
3. Greater competitiveness in attracting inward investment and successful creative businesses to relocate into the region.

# INTERVENTION: BUILDING THE RESEARCH BASE

## PROPOSED ACTIVITIES

### 1. Review partnerships

Review partnerships with academic institutions against the Strategy. How can they better respond to the research needs, in ways that are not purely sub sector or culturally based, whilst also building their own reputations as research institutions?

### 2. Develop new partnerships

Establish new partnerships with academic institutions. Facilitate partnerships with creative businesses that can both enhance their performance and further interrogate their modus operandi.

### 3. Commission

Commission new research in furtherance of the Strategy, and (to enhance capacity) encourage partnerships in that research between regional universities and the private sector.

### 4. Visiting Professors

Support a programme of Visiting Professorships into the region (aligned with Creative Economy Champions), to bring more international industry and academic experience into the region.

### 5. Evaluate

Continue to evaluate interventions to ensure that they are delivering to business needs, supporting both business development and growth, and enhancing the region's reputation as a place that supports and values academic research.

Delivers to the Vision by leveraging more from existing HIE assets, by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions, and by supporting the development of DISC creative businesses.

## PURPOSE

To build the local research and knowledge base around the creative industries, thereby both facilitating and supporting the more effective development of the creative industries in this and other remote, rural regions.

## RATIONALE

Internationally, academic research into the creative industries of remote, rural regions is limited, and yet these regions are often culturally diverse and their creative industries offer great potential from which commercial value could be leveraged. Critical thinking and academic investigation of the creative economy is imperative if policies and interventions are to be better targeted. It is the corollary to the development of new metrics.

The University of the Highlands and Islands (UHI) is a relatively new university, and its record as a research institution is limited. Other universities with a base in the region, like Glasgow School of Art (GSA), have a stronger research and creative industries record. All are significant assets for the region. By working with the tertiary education sector, its research base can be extended and strengthened, in ways that support economic development, and its international reputation enhanced.

## OUTCOMES

1. Regional research base, in an emerging and globally important area of investigation, is developed, supporting both this Strategy's delivery and future strategic development.
2. Better interventions and better policy making.
3. The region's international reputation as a centre of the creative industries is strengthened and promoted.
4. Young people stay in or relocate to the region, reflecting growing opportunities for research and work in the creative industries.

# NEW INTERVENTION: CONFERENCE AND RESEARCH PROGRAMME

## PROPOSED ACTIVITIES

### 1. Feasibility

Commission feasibility study that will:

- Identify and engage potential partners: academic institutions, British Council, Creative Scotland, NESTA, SDI, UKTI, UNCTAD, UNESCO, WIPO etc..
- Address logistical issues.
- Recommend criteria for participation and budget for event.

### 2. Commission curator

Commission Research Curator/ Conference Director who will, working with a managing board, develop content and commission research.

### 3. Research period

Research undertaken in accordance with Terms of Reference. Published in 2016 Q1.

### 4. Conference organisation

Logistics managed. Marketing. Venue, speakers and participants secured.

### 5. Delivery

Conference takes place.

### 6. Evaluation

Conference and research process evaluated. Recommendations for re-commissioning made.

### 7. XPONORTH

Feedback on research and conference at goNORTH 2016.

### 8. Re-commission

Commission Research Curator/ Conference Director. Delivery in 2018 Q1.

### 9. Evaluate

Delivers to the Vision by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions and by supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

An international biennial conference, with corresponding research, that engages entrepreneurs, academics and commentators, interrogates understanding of the development of the creative economy in remote, rural regions and positions HIE and its partners as leading this global dialogue.

## RATIONALE

To date, most research and international discourse has focused on developing the creative economy in urban environments or on social determinants, rather than commercial drivers. The development of the creative economy of remote, rural regions, in commercially successful terms, is critical not just to HIE but to many similar agencies and governments in other parts of the world and yet no regular international conference is convened to discuss this topic. More research is crucial if interventions are to be developed, interrogated and refined to support the development of DISC creative businesses and growth in the region's creative economy. This research needs to be based in the realities of daily business activity, making the involvement of creative entrepreneurs critical to the success of the intervention.

HIE has the opportunity to develop partnerships that will support a biennial international conference being convened in the region, which will advance the emergence of the creative industries as a major factor in regional economic growth.

## OUTCOMES

1. New approaches that reflect the needs of remote, rural regions will be better interrogated and become more effective.
2. The region's profile as a creative economy will be enhanced and it will be seen as the preeminent emerging centre in a remote, rural region.
3. More successful creative businesses will emerge within the region.

## NEW INTERVENTION: CONTENT AND CULTURAL DIVERSITY

### PROPOSED ACTIVITIES

#### 1. Convene

Convene an industry steering group, tied into the Trade Networks, that is future focused and reflects cultural diversity within the region and the potential of convergence, to oversee the development of a pilot programme.

#### 2. Research

Commission research into how the Programme would operate, that will also seek to build the evidence-base for new partnerships (that underpin more high quality production regionally and access to new broadcast platforms).

#### 3. Establish and resource

Allocate resources to establish a new pilot for the commissioning fund, market the support programme and a rolling application process for 2016-2017.

#### 4. Delivery

Initial allocations from fund for 2016-2017 allocated and on-going management and evaluation begins. Application process reviewed.

#### 5. Review

Undertake a review of the pilot programme, with a view to nuancing the programme and commissioning a new funding round for 2018-2019.

Delivers to the Vision by supporting the development of DISC creative businesses in the screen (animation, film, television etc.) sub-sector.

### PURPOSE

Diversify the market for original screen content from the region by creating a commissioning fund that will respond to new partnerships with broadcasters and platforms, and new cross-sector collaborations locally, nationally and internationally.

### RATIONALE

HIE has made a significant investment in the development of BBC Alba and Gaelic-language production in the region, resulting in commissioning budgets that have facilitated the growth of independent production houses locally. However, these production houses have a propensity to become reliant on these commissioning budgets, which in turn inhibits their capacity to innovate, invest and grow. Consequently, there is a need to stimulate new partnerships and collaborations around the production of local content, allowing Gaelic-language content to find new audiences (thereby promoting cultural diversity) and broaden the portfolio of content by stimulating more Scottish, UK and international collaborations and more English language production.

At the same time, there is a need to stimulate the crossover, within the region, between the different sub-sectors of the creative industries, reflecting the importance of convergence and remembering that real opportunity and profits are often found in the margins. Leveraging return in this way will be a significant factor in ensuring business competitiveness and sustainability.

### OUTCOMES

1. More high quality screen content being produced locally, through stronger and more diverse and innovative partnerships that facilitate access to bigger audiences.
2. More sustainable businesses: existing production houses have a more diverse commissioning base, new production houses develop in the context of this wider base.
3. Inward investment into the local screen content sector, reflecting the quality of productions, level of skills and the innovative and international nature of production.

# NEW INTERVENTION: CREATIVE BUSINESS INVESTMENT SUPPORT

## PROPOSED ACTIVITIES

### 1. Feasibility

Commission feasibility study that will:

- Further assess need and barriers to lending.
- Address logistical issues.
- Suggest structures for programmes.
- Recommend criteria for lending.
- Recommend how micro-loan risk-related costs can be cut, without breaching State Aid rules.
- Develop partnerships around programmes.
- Create Terms of Reference for programmes.

### 2. Pilot programmes

Allocate resources and commission pilot programmes.

### 3. Launch programmes

Launch pilot programmes, seeking applications for support.

### 4. Assess and award

Applications assessed and awards made.

### 5. Pilots reviewed

Undertake a review of the pilot programmes, looking at take up, quality of applications and initial impact of the programme in further developing DISC creative businesses.

### 6. Full programme rollout

Nuance and rollout programme with a rolling fund of open applications for funding over the life of the Strategy. Continue to measure and evaluate impact throughout.

Delivers to the Vision by supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

A new creative business investment fund that will provide advice and support and appropriate funding. This will include specific initiatives that target local investors and the use of social media to leverage crowd funding.

## RATIONALE

Access to funding is a particular issue for every creative business, at every point in its development process. It is often the biggest barrier to growth and development. The nature of creative businesses means that assets are often intangible, and securing finance consequently necessitates the use of personal assets as collateral. This both inhibits measured risk-taking and prolongs a subsidy-seeking approach, which in turn serve to inhibit growth-orientated business strategies.

Breaking this cycle by supporting new approaches towards investment is critical if DISC creative businesses are to emerge in the region. This intervention envisages:

- One-to-one advice, workshops and other clinics to support a more investment oriented sector and build understanding of how investors think.

- An affordable micro-loan programme, where some of the risk-related cost of borrowing (e.g. one-to-one business advice/entrepreneur support) is carried by HIE.
- Support for crowd funding proposals, e.g. by enhancing the offer in ways that the creative business would find difficult.
- A creative business investment competition (with NESTA/TSB) that supports innovation and research, particularly amongst micro and small creative businesses.
- Support for initiatives that build local angel investor networks.

## OUTCOMES

1. More investment-friendly sector with more successful investment proposals.
2. Businesses grow through successful research and innovation.
3. Local angel investor networks begin to emerge.







# NEW INTERVENTION: CREATIVE ECONOMY CHAMPIONS

## PROPOSED ACTIVITIES

### 1. Feasibility

Commission feasibility study that will:

- Create Terms of Reference for the intervention, including the basis upon which Champions would be engaged and the nature of their relationship with the Trade Networks and the tertiary education sector.
- Recommend a mechanism for the selection of Champions, that reflects the need for confidential approaches and negotiations.
- Recommend number, profile, experience, knowledge and skills required.

### 2. Launch pilot

Allocate resources and identify initial targets and prioritise. Secure introductions and undertake informal approaches. First cadre of appointments announced with initial programme of activity leading up to goNORTH 2015.

### 3. Deliver pilot

Undertake pilot programme. Evaluate throughout in terms of Champions' experiences, creative business reaction, media reach and network expansion.

### 4. Phase 2 of pilot

Secure and announce second cadre of Champions.

### 5. Pilot reviewed

Undertake a review of the pilot programme, consider initial impact of the programme in further developing DISC creative businesses, raising regional profile and Champion relations.

### 6. Full programme rollout

Nuance and rollout programme.

Delivers to the Vision by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions and by supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

To develop a network of leading figures – entrepreneurs, academics and commentators – in the creative industries internationally, whose understanding of the creative economy and sub-sectors of the creative industries can be harnessed to support and proselytise the delivery of the Strategy and the interventions, and become Ambassadors for the creative industries of the Highlands and Islands.

## RATIONALE

To deliver this Strategy a focus must be placed on building a group of Creative Economy Champions who can in the short-to medium-term both inform and capacitate this field of enquiry, whilst supporting creative business development and growth.

Individuals within this group would be invited to participate in the different interventions and events envisaged within this Strategy, and perhaps become a cohort of Visiting Professors to the region's universities. Being an international group, they would be asked to support the Strategy both locally and outwith the region.

## OUTCOMES

1. The level of debate and quality of interventions will be raised, with access to stronger and wider networks.
2. The region's profile as a creative economy will be enhanced and it will be seen as an emerging centre, punching above its weight as a remote, rural region.
3. Capacity within local creative businesses will be developed further, new opportunities will be envisioned and realised.

## NEW INTERVENTION: CREATIVE ENTREPRENEUR AWARDS

### PROPOSED ACTIVITIES

#### 1. Feasibility

Commission feasibility study to address structural and logistical issues, criteria, application and judging processes, nature of prizes. Recommend award categories which should be sector based, perhaps celebrating: Creativity and innovation, Risk taking and investment, Collaboration and convergence, New business models, Trade and internationalisation, etc..

#### 2. Pilot programme:

Allocate resources. Launch first pilot programme at XPONORTH. Step 1 in application process: video submissions. Step 2: written submissions from shortlist of potential awardees. First awards presented in 2015 Q4.

#### 3. Evaluation

Operation of programme in first year evaluated and nuanced for repeat.

#### 4. Pilot continues

Repeat nuanced programme. Establish network.

#### 5. Pilots reviewed

Review pilot programme, looking at take up, quality of applications, and initial impact in developing DISC creative businesses, of the network, and of wider respect for creative entrepreneurship.

#### 6. Full programme rollout

Nuance and rollout programme as annual awards over the life of the Strategy. Continue to measure and evaluate impact throughout.

Delivers to the Vision by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions and by supporting the development of DISC creative businesses across the creative industries.

### PURPOSE

To develop an award programme that rewards creative entrepreneurs who are developing DISC creative businesses in the region and publicly celebrates their achievements, thereby raising sector and regional profile and building public understanding of the creative industries and their importance to the regional economy.

### RATIONALE

Creative entrepreneurship, like the creative industries, is not readily understood within the region. There is a need to raise the profile of creative entrepreneurs, to celebrate successes and to stimulate wider creative business development that has commercial focus and purpose. In doing this it is critical to reflect and champion the distinctive nature and attributes of creative entrepreneurship. This programme is needed (and should be developed separately from the Scottish Edge awards) because, through the awards and the network they engender, it will help to build entrepreneurship within the creative sector, a sector which is currently underrepresented and largely invisible in other entrepreneurship programmes.

In the medium term an objective should be to develop understanding of creative entrepreneurship to such a degree that it is valued per se, with its potential and success mainstreamed and more clearly celebrated by Scottish Edge, Saltire etc.

### OUTCOMES

1. Wider creative entrepreneurship engendered within the region, which is focused towards more successful innovation and collaboration and greater profitability.
2. Success publicly celebrated and the region's profile as a creative economy enhanced so it is seen as a place where creative entrepreneurship can flourish.
3. Greater understanding of risk in the sector, and more investment forthcoming.
4. Greater networking across the sector, stimulating new business opportunities.

## INTERVENTION: CULTURAL VENUE NETWORK

### PROPOSED ACTIVITIES

#### 1. Audit

Commission an audit of cultural venues – public and private sector – across the region to identify:

- Level and nature of engagement with creative businesses and creative industries agenda.
- Understanding of itself in business terms and skills/knowledge gaps.
- Level of collaboration with/knowledge of other cultural venues in region.
- Existing good practice.
- Recommend how best to incentivise behavioural changes.
- Recommend how a network can be convened and operate.

#### 2. Resource

Allocate an initial resource to fund network development and support new initiatives that build engagement with creative businesses.

#### 3. Convene

Bring together representatives from the cultural venues to discuss results of the audit and to establish the network. Agree objectives.

#### 4. Pilots

Support innovative new approaches that share experience, deepen collaboration and support creative business development.

#### 5. Pilots reviewed

Undertake a review of the pilot programme, particularly looking at initial impact in further developing DISC creative businesses.

#### 6. Full programme rollout

Nuance and rollout programme. Link into HIE funding and development objectives for venues.

Delivers to the Vision by leveraging more from existing HIE assets and supporting the development of DISC creative businesses across the creative industries.

### PURPOSE

To better utilise the resources of existing cultural venues both in support of the development of local creative businesses and in advancing their cultural, social and commercial aspirations, through better networking and shared good practice.

### RATIONALE

HIE's remit is both business and community focused and, as such, it has made significant investment in community development. The development of the creative industries cuts across and offers significant benefits for both of these agendas, and this is understood within HIE.

However, it is apparent that currently many of these venues fail to recognise the role that they can play in supporting the development of local creative businesses and, indeed, do not see themselves as a creative business. Perhaps unsurprisingly therefore, at the same time many are also poorly managed and lack commercial understanding.

By convening a new cultural venue network of private and public sector venues, both for- and not-for-profit, these venues can be supported in building their understanding of their role in the creative economy. By sharing good practice and supporting business training and development needs, these venues can play a more significant role in supporting local creative businesses.

### OUTCOMES

1. Cultural venues understand themselves as part of the creative economy, stimulating more commercially aware management practice and greater engagement with other local creative businesses.
2. Good practice – in business, social and cultural terms – is shared by venues, which seek to collaborate more and achieve economies of scale through a more unified approach, which also reflects shared audience/market development opportunities.
3. Capacity within local creative businesses will be developed further, access to new audiences and markets will be improved.

# NEW INTERVENTION: DESIGN SERVICES NETWORK

## PROPOSED ACTIVITIES

### 1. Audit

Local businesses offering design services: Nature of experience/training? Perceived need for training/skills development? How source business?

### 2. Survey

Of current outsourcing of design services by companies in Account Management: To whom? Where? Value? Perceived quality? Why not local? Perceived local quality issues?

### 3. New Network

From 1, develop a new trade network for design. Appoint Trade Network Leader. Focus on Capacity Building, Training, Business Skills etc., having built during from 1 and 2.

### 4. Network workshops

TN Leader to create regular general workshop programme and appropriate access to other learning experiences to build capacity of quality in local sector. Support access so part funded.

### 5. Internal workshops

TN Leader to create workshop to build understanding within HIE, highlighting how quality design services can build competitiveness of local businesses and building knowledge of quality.

### 6. Design Support

New business grant programme, initially for companies in account management, supporting access to high quality design services. Part funded by HIE. AIM: Aid competitiveness of local businesses and stimulate growth in local design services sector.

Delivers to the Vision by supporting the development of DISC creative businesses in the design services sub-sector.

## PURPOSE

This Network will differ as its function initially will be both targeted towards (A) supporting the development of local design services and (B) developing the local market amongst existing businesses from other sectors.

## RATIONALE

A strong design services sector delivers high quality services that allow other businesses to either better communicate their offer (through graphic design, web design, packaging design etc.) or to innovate to develop new products. The development of a high quality design services sub-sector in the region will improve existing business competitiveness (within every sector).

Critical to the work of this new Trade Network will be an emphasis on enhancing the quality of services being offered by the design services sector, responding to new thinking, trends and technology. The Trade

Network will support on-going professional development, facilitate graduate returnees in building new design service businesses, and encourage inward investment from successful design services businesses from outside the region. The aim will be to build a local sector that is more creative, more competitive and producing work of the highest quality, thereby reducing outsourcing of work and increasing the sector's ability to attract design services work into the region.

## OUTCOMES

1. The emergence of a high quality, high value, design service sector within the region, with a client list that is both local (including luxury brand) and from outwith the region.
2. Returnees and incomers are building design service businesses in the region.
3. Relevant skills and tertiary education provision within the region.
4. Access to high quality design services builds competitiveness of regional businesses.
5. Wider understanding of the value of the creative industries is engendered within HIE staff and other sectors.



## INTERVENTION: DEVELOP HIE'S CAPACITY

### PROPOSED ACTIVITIES

#### 1. Re-commission

The Networks must be re-commissioned to reflect this Strategy.

#### 2. Staffing

Despite head count, dedicated new resource – particularly in area offices is required.

#### 3. Mainstreaming

##### 2014 Q2-2019 Q2

The Networks, and the skills and knowledge of the Network Leaders, must be mainstreamed into an on-going engagement of HIE staff with the sector. External perception must be a seamless and informed service.

#### 4. Access to better data

The work on metrics will provide new information which, with better use of Networks, will allow the sector to better understood and resources better targeted to support growth.

#### 5. Internal training

An internal professional development programme should be created to improve the quality of the engagement for creative businesses, with three foci:

- Regular up-dates from the creative industries team regarding the industry, particularly challenges to business environments and new business models.
- Develop understanding by attending and observing events at XPONORTH.
- Develop understanding and experience through attendance or placements at Trade Fairs, the proposed London Drop Down Centre or directly with creative businesses.

Delivers to the Vision by leveraging more from existing HIE assets and supporting the development of DISC creative businesses across the creative industries.

### PURPOSE

Further develop HIE's understanding of and capacity to work with creative businesses and develop the region's creative industries, thereby ensuring that it contributes to regional economic growth.

### RATIONALE

There is a need to align the Networks more closely with HIE's business development offer. The knowledge and experience of the Trade Network Leaders has been central to the success of the Trade Networks. This knowledge needs to be better embedded within HIE's response to the sector, particularly in alignment with Account Management, where the Trade Network Leaders are particularly well placed to identify creative businesses which have the wherewithal to succeed.

To build capacity internally, more staff dedicated to and experienced in successfully working with creative businesses are required, particularly in local offices. More learning opportunities, particularly those that build the emotional intelligence that is required to successfully work with the sector, should be provided.

### OUTCOMES

1. HIE staff, beyond the core creative industries team, are better informed and better able to service the sector's needs, ensuring that enquiries are addressed and responses delivered more efficiently to support the sector's growth.
2. An integrated and streamlined service is developed that is user- and growth-oriented.
3. The region is seen as a good place to locate and invest, as interventions are well targeted and the sector's growth effectively supported.

## NEW INTERVENTION: DEVELOP NEW METRICS

### PROPOSED ACTIVITIES

#### 1. Develop ToR

Develop the Terms of Reference to highlight:

- The need to capture the economic impact of micro- and small- creative businesses.
- The need to interrogate and report on the profitability of creative businesses.
- The need to develop cost effective tools for on going measurement and evaluation.

#### 2. Commission

Invite and evaluate tenders for the work, with a view to commissioning the process from 2015 Q1.

#### 3. Metrics development

Metrics developed and pilot surveys undertaken to test approach.

#### 4. Review (1)

Results of first pilot reviewed. Approach nuanced and recommendations made for further development or roll-out.

#### 5. Development/Roll-out

Investment in either further development or roll-out agreed, for a further year.

#### 6. Review (2)

Results reviewed, further development or roll-out commissioned.

#### 6. Roll-out

Metrics deployed against all sectors in the region. Results published.

Delivers to the Vision by enhancing the region’s reputation as a pioneer in developing the creative economy in remote, rural regions and by supporting the development of DISC creative businesses across the creative industries.

### PURPOSE

To develop a more effective set of metrics for measuring the contribution of the creative industries to the economy of a remote, rural region, thus providing a basis for on-going measurement of the impact of interventions and the identification of potential areas for future investment.

### RATIONALE

Current metrics for measuring the economic contribution of the creative industries do not fully capture or reflect the contribution and potential of micro- and small- creative businesses. The resultant distortions inhibit support and may result in poor targeting of resources. At the same time, the drivers (that underpin risk and return) for creative talent and creative entrepreneurs are misunderstood, making business decision-making often seem illogical.

A new set of metrics are required which enhance the traditional use of SIC and SOC codes and other mechanisms, whilst better reflecting the ecology of the creative industries and their particularities. Developed for and honed by piloting in the Highlands and Islands, such new metrics would reflect the dynamic approach to the development of the region’s creative economy that is being deployed by HIE.

### OUTCOMES

1. More accurate measurement of the direct and indirect economic contribution of the creative industries, leading to better tools for evaluation and better targeting of resources. Positive impact on the competitiveness and sustainability of the region’s creative industries.
2. The region’s profile as a creative economy will be enhanced and it will be seen as an emerging centre, punching above its weight as a remote, rural region.



# NEW INTERVENTION: DIGITAL ENGAGEMENT IN STRATEGY DELIVERY

## PROPOSED ACTIVITIES

### 1. Feasibility

Undertake feasibility study to develop Brief from which to commission the event. Develop partnerships. Allocate budget.

### 2. Commission

Commission third party agency to develop the tool. Identify regional schools, regional students studying outwith the region and creative entrepreneurs to participate.

### 3. Delivery

Delivery over one day in advance of XPONORTH 2015. Target outreach to 100 directly, 750 digitally and directly, 50,000 digitally and indirectly.

### 4. Assessment and Report

Assessment of event and data traffic. Report created and presented to HIE. Feedback into networks. Stimulating further commentary in social media.

### 5. Evaluation

Evaluation of the event. Feedback into HIE. HIE determines if it should become an annual or biennial event.

### 6. Re-commissioning

Re-commission event. in accordance with Evaluation, for the life of this Strategy.

Delivers to the Vision by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions.

## PURPOSE

A new event and tool in strategy delivery that harnesses the knowledge and experience of creative entrepreneurs in a dynamic, digital conversation that also engages the future-focused perspectives of young people. This tool will test the strategy against the experiences and aspirations of the current and future creative business community that it must serve; in ways that will inspire creative entrepreneurship and build a greater understanding of the potential of the region's creative economy.

## RATIONALE

Convening a diverse (sub-sector, gender, age, location etc.) group of creative entrepreneurs to consider the dynamic changes that are driving the development of new business models, new networks and new markets, will ensure that the Strategy is understood within the sector and refined to reflect on-going changes in need. By harnessing social media to digitally add students and young people (with a strong interest in building their careers within the creative industries), including students studying outwith the region, into this mix

HIE will ensure that these individuals become stakeholders in and advocates for the sector's development in the Highlands and Islands.

The intervention will be structured so as to highlight and share experience and enhance business skills, through a format that will use social media to stimulate and facilitate direct engagement. Through social media the event will reach out to a wider audience. The discourse that is engendered will advance the region's reputation as forward looking and innovative; one that is nurturing creativity and entrepreneurship, and in doing so laying the foundations for future growth within the region.

## OUTCOMES

1. Engage next generation in delivery whilst empowering and informing them.
2. Global reputation as a region championing the development of the creative economy is advanced through innovative use of social media and engagement of young people.
3. More creative businesses established or relocate to and recruit in the region.

# NEW INTERVENTION: DIGITAL INVERNESS

## PROPOSED ACTIVITIES

### 1. Feasibility

With Highland Council, commission a feasibility study to address technical issues to establish city-wide wi-fi public access to connectivity.

### 2. Research

Commission research to ensure that first mover status can be achieved and to better understand how this would be an early step towards becoming a smart city. This must include a conversation with NESTA, which has an established interest in smart cities.

### 3. Roll-out

Roll-out and trialling of technology in advance of goNORTH.

### 4. Communication

Public relations strategy to reflect securing Scotland's first wi fi city status, linked to creative businesses congregating for goNORTH. On-going communication of this theme and creative business opportunities throughout the Strategy.

### 5. Evaluation

On-going evaluation of the impact of enhanced connectivity will be needed, with three foci:

- Business impact in course of go-NORTH.
- Impact on creative and other businesses in the city in commercial terms.
- Changed perceptions of the city and region.

### 6. Smart City Research

Recognising the wider social, cultural and business implications, work with partners to take Inverness from a wi-fi city to a smart city. Also reflecting the wider regional potential, particularly as a remote, rural region rather than urban environment.

Delivers to the Vision by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions and by supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

To establish Inverness, the home of XPONORTH, as the vibrant centre of the creative economy, with a future-focused approach to supporting creative business development, this being evidenced by the ability to access and do business through wi fi connected, high speed fibre optic broadband, at any point across the city both during goNORTH and at any time, establishing Inverness as Scotland's first wi fi city.

## RATIONALE

Mobility and connectivity are increasingly critical to how business is done. The ability to work, remotely and whilst on the move, and to remain connected, is central to the flexibility that underpins the business models of most successful creative (and other) businesses. Increasingly this ability to connect "whenever, wherever" is seen as a basic need.

If XPONORTH is to continue to develop as the flagship event in the region's creative economy strategy, attracting increasing participation from outwith the region, it needs to do so in the context of a connected city. Becoming Scotland's first wi-fi city will provide an uplift in reputation and focus in the short term and help to establish the region's determination to develop its creative economy.

This must be seen as first step in a wider process of developing Inverness as a smart city, with implications across a far wider field of civic engagement.

## OUTCOMES

1. Inverness, rather than a series of venues in the city, will become the venue for XPONORTH, and the region's profile as one that is future focused, within which the needs of creative businesses are understood, will be enhanced.
2. More business will be done in the margins of XPONORTH and Inverness will be seen as an emerging smart city, open for business in the 21st century.

# NEW INTERVENTION: DIGITAL MEDIA DEVELOPMENT SUPPORT

## PROPOSED ACTIVITIES

### 1. Audit

Commission an audit, through the secondary school and regional tertiary education systems and trade networks, to identify young people with the interest and aptitude to develop digital media skills. Identify centres of excellence.

### 2. Survey and recommend

Commission a survey of these young people to better understand their perspective on digital media career and business development. Assess results. Report and recommend interventions, which might include:

- Annual competitions to identify talented young people and support their innovation.
- An annual innovation ‘sandpit’ event for young people, within and outwith the region, with industry and academic partners.
- Industry placements and training grants.
- Scholarships for tertiary education.
- Partnership and investment to develop the regional tertiary education offer in mathematics and computer science.

### 3. Appoint

Outsource support as a Trade Network or create new post within the Creative Industries team.

### 4. Pilot interventions

Pilot interventions recognising the focus on long term return and evaluating appropriately.

### 5. Re-commission

Nuance and re-commission interventions.

### 6. Re-commission to 2019 Q2

Delivers to the Vision by supporting the development of DISC creative businesses in the digital media sub-sector.

## PURPOSE

This new Trade Network will support the development of digital media creative businesses in a programme of long-term strategic development. Consequently its approach will be focused towards medium- to long-term return and the development of an environment within which the local digital media sector can emerge and grow.

## RATIONALE

The development of local digital media DISC creative businesses is inhibited by the absence of local tertiary education in mathematics and computer science, which in turn also inhibits the development of a local skilled labour force. Consequently, to develop this sub-sector, which importantly also supports successful business models in the creative industries, a long-term strategy is required.

Whilst the absence of a skilled labour force may inhibit inward investment, this does not mean that talented young people are not already developing digital media products and their own skills outside of formal education. For digital media businesses to emerge in the short- to medium term

HIE must develop a better picture of the current assets and talent within the region. An innovative audit is required that can reach into the school’s system, to develop understanding of where individual talent and centres of excellence can be found. Further support can then be developed and targeted.

Alongside this better industry relationships must be developed, recognising the importance of convergence and the centrality of digital media to many business models, and responding to the opportunities presented by high speed internet access.

## OUTCOMES

1. School students with the aptitude and propensity for digital media production are identified and can be supported into further education and business.
2. Local tertiary education offer is developed to support skills and innovation in digital media production and the region is seen as an emergent centre of excellence.
3. Further innovative interventions to support the sector are developed over time.

## NEW INTERVENTION: EU CREATIVITY ON THE EDGE PROJECT

### PROPOSED ACTIVITIES

#### 1. Feasibility

Commission feasibility study that will:

- Identify appropriate EU funding schemes.
- Identify potential partner agencies in the EU.
- If appropriate, identify potential partner agencies outwith the EU, both in international agencies (e.g. UNESCO, WIPO, UNCTAD, UNDP, IADB) and in other regional economic development agencies (i.e. HIE’s analogues).
- Create Terms of Reference for a partner discussion.

#### 2. Convene

Convene a planning meeting of potential partners in the Highlands and Islands, to agree the parameters for the bid and begin its development. Construct as a project to be delivered and completed in the period of this Strategy.

#### 3. Develop and submit bid 2015 Q3-2016 Q1

Note that submission will be determined by EU deadlines.

#### 4. Delivery 2016 – 2019

Deliver and evaluate the project throughout its life.

Delivers to the Vision by enhancing the region’s reputation as a pioneer in developing the creative economy in remote, rural regions and by supporting the development of DISC creative businesses across the creative industries.

#### PURPOSE

To develop an EU project focused on remote, rural regions, that interrogates the potential of the creative economy to support sustained and sustainable, economic development through commercially aware interventions. To see the creative economy of the Highlands and Islands, and other partner remote, rural regions, develop and grow.

#### RATIONALE

The Highlands and Islands is one of many remote, rural regions in the EU. Despite this fact, the development of the creative industries in such regions has been largely overlooked amidst the inevitable focus on urban environments. It is, therefore an area of enquiry and investment that is critical to HIE in business growth terms and, potentially, an area of activity that can leverage wider returns both in terms of new networks and regional reputation, which in turn will deliver new business opportunities.

Both within the EU, and beyond, there are significant inter –regional and –agency partnership opportunities for the development of a project that develops innovative new responses that focus on economic and business growth and engender successful creative business collaborations and trade. Leveraging EU-funds to support a project and consortium led by HIE, would place HIE at the centre of a programme of business development-oriented collaborations, against which HIE can benchmark its performance and from which it can share and draw inspiration.

#### OUTCOMES

1. Approaches can be shared and tested in other environments, allowing them to be further honed for the local environment.
2. The region’s profile as a creative economy will be enhanced and it will be seen as an emerging centre, punching above its weight as a remote, rural region.
3. Capacity within local creative businesses will be developed further, new opportunities will be envisioned and realised.

# INTERVENTION: GO-TO XPONORTH

## PROPOSED ACTIVITIES

### 1. Commission

XPONORTH should be commissioned in the context of this Strategy, reflecting heightened expectations and presenting new targets.

### 2. Strengthen offer

The offer of XPONORTH must be developed to better reflect opportunities presented by convergence and open innovation.

### 3. Social media

Further develop social media presence and build up the roster of, particularly foreign, bloggers attending XPONORTH.

### 4. Market focus

Develop a market focus approach, each year selecting an established market and a remote, rural region in Europe.

Delivers to the Vision by leveraging more from existing HIE assets; by supporting the development of DISC creative businesses across the creative industries; and by enhancing the region's reputation as a pioneer in developing the creative economy in remote, rural regions.

## PURPOSE

XPONORTH is one of the key assets in HIE's existing creative industries strategy but more can be leveraged from its investment to-date, meriting further investment to further differentiate the offer and make XPONORTH the "go-to" creative economy event in Europe.

## RATIONALE

There are many creative industries events but XPONORTH occupies a unique space, in part because it is sited in a remote, rural region but also because of its approach, which is rooted in the dialogue created by the Industry Networks. Building on these two strengths, in the context of this Strategy, will allow HIE to leverage more from its investment, raising the region's profile as both a centre of innovative thinking and successful interventions to support the growth of DISC creative businesses in a remote, rural region.

At the same time, to respond to changing patterns in production, XPONORTH has to address the issues of convergence and open innovation, whilst also developing more opportunities to participate digitally and remotely, and strengthening its presence on and impact through social media. It must further build its reach by developing a "market focus" approach to grow and consolidate international relationships.

## OUTCOMES

1. XPONORTH embraces innovation, fosters dialogue and showcases talent, enthusiastically and effectively reflecting the potential of the creative economy. It becomes the go—to event in Europe. Attendance grows. New partnerships emerge. More and better business is done.
2. The Highlands and Islands are seen as an internationally significant centre of the creative economy, reflected in the quality of work and innovative business models.

## NEW INTERVENTION: INTERNATIONAL PLACEMENTS

### PROPOSED ACTIVITIES

#### 1. Feasibility

Commission feasibility study that will further assess need, address logistical issues (e.g. one application process or parallel processes), and develop the application process and criteria for allocation of resources, recognising the need to accommodate a swift turnaround of applications and funding so as to seize and realise opportunities. Plus the need to show that the other part of the cost can be sourced.

#### 2. Pilot applications

Allocate resources, market and begin pilot programme, create a rolling application process, that focuses on the business or business-focused career development opportunities.

#### 3. Pilot investments

Continue first pilot by making the first resource allocations. Rolling programme of applications continues.

#### 4. Pilot placements

First placements are undertaken and short term impact on individual and businesses evaluated, with a longer term (to reflect the length of this Strategy) evaluation process also in place.

#### 5. Pilot reviewed

Undertake a review of the pilot programme, looking at take up, quality of applications and initial impact of the programme in further developing DISC creative businesses.

#### 6. Full programme rollout

Nuance and rollout programme. Rolling fund over the life of the Strategy. Continue to measure and evaluate impact.

Delivers to the Vision by supporting the development of DISC creative businesses across the creative industries.

### PURPOSE

To create a new support programme for creative businesses and students studying on creative courses, allowing them to better access potential high quality professional learning opportunities (internships, placements, collaborations etc.) elsewhere in the UK and internationally, and thereby to grow their international networks and develop new creative business opportunities.

### RATIONALE

The Strategy recognises the need to build the engagement of established and emerging regional creative businesses with key markets, and in the process extend commercial opportunities and grow industry and market understanding. It also recognises the need to build capacity and skills by working through new business relationships (e.g. mentoring or internships with major production houses or businesses that are innovating their business model or products).

Creative businesses, with an established relationship with HIE, and students will be able to apply to a new fund that covers part of the costs (critically travel and accommodation) of undertaking the placement. In applying they will have to clearly articulate, in business terms, how the placement will build knowledge, skills and opportunities for collaboration that are critical to their business or career development.

### OUTCOMES

1. Regional creative businesses can better invest in skills development and extend this to taking up new opportunities that will support commercially focused collaborations in established and new markets.
2. Students and established creatives can make a career development case, for covering part of the cost of supporting an internship or placement that will extend their networks, knowledge and understanding of business in their sub-sector.
3. Networks will be extended and more regional creative businesses will be collaborating and/or trading internationally. New skills will be deployed regionally.



# INTERVENTION: INTERNATIONALISATION

## PROPOSED ACTIVITIES

### 1. Re-commission

The Networks must be re-commissioned to reflect this Strategy. This should be done to ensure long-term delivery needs and objectives.

### 2. Invest

Existing export strategies within the Trade Networks should be further developed.

### 3. Market research

The provision of market research needs to better reflect the nature and needs of creative businesses. Current provision and needs should be reviewed to ensure better alignment.

### 4. Campaigns

A flexible programme of Campaigns and Target Markets - that can respond to need and opportunity - must be developed and delivered.

### 5. Innovation

Innovation in the internationalisation offer must continue to be prioritised, for example the EXCITE model should be developed further.

### 6. Collaboration

Commercial opportunities for collaboration must be further developed and supported.

### 7. Partnerships

SDI's partnership is particularly critical, as is a closer relationship with UKTI and British Council. New partnerships with businesses, particularly multipliers, that can deliver international reach should be prioritised.

### 8. Evaluation

Every intervention should be regularly evaluated to ensure focus, impact and RoI.

Delivers to the Vision by leveraging more from existing HIE assets and supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

Internationalisation is critical if the commercial potential of the region's creative industries is to be realised. At the same time there is a need to both better understand potential new markets and the changes within markets, particularly those driven by demographic and technological change.

## RATIONALE

The local market for the region's creative industries is small. For the sector to grow it must look to new markets. Partnerships, current and new, are essential in this process. Significant steps have been taken through the Trade Networks and initiatives that build access – campaigns, trade fair visits, EXCITE – and, whilst focused on DISC creative businesses, these should be developed and grown. Better targeted, and less generic, market research, that reflects creative business needs, is required.

Arguably innovation and growth in some creative businesses are currently inhibited by a focus on local, regional, diaspora and tourism markets. The region's DISC creative businesses must be challenged to innovate and develop products and services that reach out to and attract wider audiences. This must be done alongside the need to build long-term relationships, particularly those that harness the instinct to collaborate, an instinct which is critical to the success of most creative businesses.

XPONORTH's on-going development and other interventions that raise the region's international profile, as one which is committed to developing its creative industries, must be used to further attract potential inward investment in the creative industries.

## OUTCOMES

1. More robust, sustainable and profitable exports by the region's DISC creative businesses, supported by deeper and more strategic collaborations.
2. The region's reputation for innovative interventions that support the development of the creative economy is projected, in turn supporting greater inward investment.



## NEW INTERVENTION: LOCAL HUBS WITH DIGITAL TOOLS

### PROPOSED ACTIVITIES

#### 1. Feasibility

Commission feasibility study that will further assess need, address logistical issues, suggest number of pilot investments, develop the criteria for investment and evaluation. Issues to be considered include how the applicant will:

- Select other creative businesses as tenants.
- Cost space and provide access to technology.
- Nurture skills development, collaboration, convergence, innovation through the hub.

#### 2. Pilot programme

Allocate resources and undertake first pilot programme. Video submissions as first step in application process, followed by written submissions from shortlist of potential awardees.

#### 3. First investments

Agreement reached on first allocations and funding made available.

#### 4. Pilots begin

First pilots are developed and open for business.

#### 5. Pilots reviewed

Undertake a review of the pilot programme, looking at take up, quality of applications and initial impact of the programme in further developing DISC creative businesses.

#### 6. Full programme rollout

Nuance and rollout programme with a rolling fund of open applications for funding over the life of the Strategy. Continue to measure and evaluate impact throughout.

Delivers to the Vision by supporting the development of DISC creative businesses across the creative industries.

### PURPOSE

Develop an environment within which DISC creative businesses can thrive and grow by supporting the emergence of local creative business hubs, which can facilitate local networking and local collaboration and provide access to shared business assets.

### RATIONALE

In a remote, rural region hubs tend not to occur because of a lack of concentration of businesses from within the same supply chain. There is, however, a need to develop local hubs because of their capacity to nurture creative businesses through creative co working; shared experiences that are both collaborative and competitive; and their potential to spark innovative new approaches and business models.

This intervention (pilot to develop a new RSI) would support creative entrepreneurs in developing creative business hubs around their own creative business. A new HIE fund would support capital projects around the development of business space that is appropriate to creative businesses, including high speed fibre optic broadband and possibly studios, workshops, hot desks, office space etc.. The fund would, critically, include funding for (largely technology) resources that can be used by the businesses within the hub or made available to other creative businesses on a 'for cost' basis, e.g. laser cutting, 3D printing, chroma key, etc.. It would include space for local drop down working, and meeting spaces that can also be used as classroom spaces.

### OUTCOMES

1. Local creative businesses seed networks amongst themselves which deliver new work and new business opportunities.
2. Local creative businesses can harness technologies that would otherwise be unaffordable.
3. New creative businesses can find workspace that is affordable and reflects the ways in which creativity and innovation is engendered and nurtured in the creative economy.

# NEW INTERVENTION: LONDON CREATIVE INDUSTRIES DROP DOWN CENTRE

## PROPOSED ACTIVITIES

### 1. Feasibility

Survey regional creative businesses to better understand nature of potential take-up. Develop usage criteria. Identify potential Z1 locations. Provide cost-benefit analysis and draft budget.

### 2. Contract

Contract space (initially for two years) and outsource management. Identify regional students, based in London, who can build skills by working in the Drop Down Centre. Develop secondment programme for HIE staff to build industry skills and knowledge. Market resource regionally.

### 3. Soft launch

Over three months, test service and refine.

### 4. Launch and Showcase

Launch space/service formally. Alongside a formal launch undertake a showcasing event (linked to the best of goNORTH plus other regional growth areas).

### 5. Evaluation

On-going evaluation plus feedback into HIE on issues facing regional creative businesses as they seek to develop business opportunities through London.

### 6. On-going development

Considering the medium term prospects for return on investment, re-commission for life of strategy.

Delivers to the Vision by supporting the development of DISC creative businesses by supporting critical access to the London market.

## PURPOSE

The London Creative Industries Drop Down Centre (LCIDD) will provide a London base from which regional creative industries can operate when in London. Centrally located, it will provide hot desks, meeting rooms, PA services and access to other resources. It will facilitate regional creative businesses in developing new business opportunities and building their industry networks in and through London.

## RATIONALE

With New York, London is one of two hubs in the global creative economy. It plays a globally significant role in both rights exploitation and showcasing. It is the nexus of a series of industry networks that have the capacity to accelerate access to key decision makers, investors, and new partners and collaborators, both in the UK and internationally. Local creative businesses understand the strategic importance of London to business development that is focused on commercial success. The Drop

Down Centre concept is seen as part of a coherent growth strategy, which would open up new opportunities for regional creative businesses, and is therefore a priority.

The region's creative businesses need to be able to attend meetings, events and trade fairs in London, a shared base from which to operate whilst in London will professionalise their approach, and facilitate the continuing development of the business in the region rather than in London.

## OUTCOMES

1. Regional creative businesses are better networked within the UK and internationally.
2. New collaborations and new investment are fostered. More high quality and profitable business is done.
3. Regional businesses are able to build their business from within the region with, where necessary, a footprint in London.
4. The region is seen as innovative and committed to developing its creative economy.

# NEW INTERVENTION: OUTWITH NETWORK

## PROPOSED ACTIVITIES

### 1. Research:

Commission research to further define and identify the target group who will be at the heart of this network, initially focusing on three key markets: Edinburgh, Glasgow and London. This research must also identify how the self-interest of these individuals can be best served, recognising that doing this will be critical to success and determine the degree of on-going investment required.

### 2. Pilot programme:

Create a pilot programme, focused on London, to begin to build the network. Survey group to better understand need, opportunities and changing perspectives over time. Recognising that it will principally be virtual, develop a communications strategy to engage with network members. On-going evaluation and monitoring of the network's demographics, activities, and business engagement (mentoring, investing etc..) throughout.

### 3. XPONORTH

Encourage attendance at goNORTH and create a distinct stakeholder offer for the network.

### 4. XPONORTH

Further develop participation by stakeholders.

### 5. Review pilot

Undertake a review of the pilot programme, looking at membership numbers, influence and reach of members, and how their perceptions of the region as a creative economy have changed.

### 6. Full programme rollout

Nuance and rollout programme into Edinburgh and Glasgow.

Delivers to the Vision by supporting the development of DISC creative businesses across the creative industries.

## PURPOSE

To develop a network of creative entrepreneurs, creative professionals, particularly young creative entrepreneurs and professionals, and tertiary education students intent on building their career in the creative industries, with an interest in or connection to the Highlands and Islands, and who are living outwith the region.

## RATIONALE

It is only recently that young people have been able to remain within the region to study at university and the region continues to have a major problem retaining young people, as they perceive opportunities to be greater outwith the region.

This Strategy recognises the need to orientate these relationships in new ways and create new dialogues that reflect HIE's determination to develop and grow the creative economy locally. Whilst the need to grow the local tertiary education offer is important, in the medium term it is likely that the most gifted will continue to feel the pull of other centres. It is imperative that this group

becomes a stakeholder in this Strategy, that they understand the opportunities and support that HIE can provide, and recognise that through this Strategy HIE is creating the environment within which their careers can thrive and in which they can invest and build businesses in the region.

It is critical to this Strategy that a new relationship is developed not just with those who have recently moved but also with those who made the move in the past and have succeeded in building successful careers outwith the region. They are both a potential source of mentorship and investment, both in local businesses and through relocation.

## OUTCOMES

1. Short to medium term: a vibrant and informed network is created, that supports both the delivery of the strategy and the development of creative businesses locally.
2. Medium to long term: more people return to the region to build creative businesses, and the sector sees significant informed private sector investment in new creative businesses, high growth creative businesses, and emerging creative entrepreneurs.

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