

# Entrepreneurial approach to generating income

## Introduction

As public funding comes under increasing scrutiny, greater emphasis is put on the private sector and self-generated income. But how do arts and cultural organisations develop and package products, services and processes that resonate with businesses and generate income?

Arts & Business has been exploring, in conjunction with Professor Giovanni Schiuma,<sup>1</sup> how organisations can make more effective use of their assets - property, skills, expertise, staff, knowledge, processes and ways of working – for commercial advantage. How can organisations gain maximum return on what they have already, and help businesses to prosper?

There are opportunities for organisations to generate commercial sales of artistic and creative business solutions – ‘Arts Based Initiatives’ (ABIs).

## Creative but commercial packages

The establishment of a commercial unit could mean developing a team, department or a subsidiary organisation to manage and deliver these commercial products/services, but in any of these scenarios the key opportunities and challenges are the same. This type of bold approach will package up services in a coherent and commercial manner which ensures it has market appeal while addressing the needs of both the artist/cultural organisation and businesses.

## Benefits to your organisation

This isn't fundraising in its strictest sense, rather income generated by entrepreneurial activity: selling products and services to a business. This may be a shift in position, from a partner, or the recipient of a grant or donation, to a supplier, and it more accurately reflects the assets of your organisation. These assets tend to revolve around your expertise, knowledge, processes and insight. The arts and cultural sector have a number of skills and ways of operating which are directly transferrable to businesses e.g. training, personal development, entertainment, inspiring people, creative development and transformation. By offering a e varied and flexible range of ways for the

---

<sup>1</sup> Prof. Schiuma is based at the University of Basilicata, Italy and is a Visiting Research Fellow at Cranfield School of Management, Cambridge. He has researched, taught and consulted in the field of knowledge management and business performance measurement since the early '90's.

private sector to engage with you (i.e. not just sponsorship or corporate hospitality) it widens the number of possible relationships and commercial partners you may have.

The Welsh National Opera had just this experience when it established and launched WNO Creative. WNO Creative offers products for businesses around learning & development, sponsorship, corporate hospitality and event animation. By offering four distinct packages, WNO has been able to develop a number of relationships with businesses which they wouldn't have had if they only offered sponsorship. Also, they were able to access a broader range of budgets e.g. marketing, branding, sponsorship, CSR, training & development and HR budgets, thereby taking every opportunity to penetrate the potential for engagement with businesses at all levels – helping to deliver the business competitive advantage.

## **Is there a business need for Arts-Based Initiatives?**

To some extent this diversification of partnerships has already been coming through in the evolution of sponsorship packages and with more long-term relationships taking place. However, your organisation can take the initiative and push this trend forward by packaging a range of commercial products and taking them to market.

Priorities are shifting in businesses and they need more creative and flexible partnerships with the arts. The recession has led to some sponsors to withdraw support, but just because they can't sponsor this year doesn't mean they won't in the future. But how do you maintain that relationship in the meantime? How can the arts help businesses in this new operating landscape? By offering the business other ways of engaging with you – that could be supporting them with staff development, facilitating strategy development and in organisational development - you can embed the arts in business. Businesses are searching for new approaches and tools for driving organisational and business performance. Multi-faceted challenges require multi-faceted solutions and this is precisely what your art services can deliver.

There are specific challenges presented to businesses because of the recession and post-recession economy, and they tend to be in areas where the arts have special expertise which can provide the insight businesses need in order to thrive.

The arts and culture can solve strategic and operational challenges of businesses; the real issue is communicating the value of the arts to them. That is why we have produced a suite of papers to help you with this. Further information about these can be found at the end of this paper.

## **What would the commercial unit look like?**

### **Circus Space and UBS**

UBS has a long-standing relationship with Circus Space and have supported them for the past 17 years in many different ways. Circus Space was a derelict power station in East London. Today it is recognised as the catalyst for an urban renewal project, which has transformed Hoxton into a thriving cultural domain. The shared vision of Circus Space and UBS sparked a partnership, which has brought about the regeneration of one of the most disadvantaged communities in London and has

secured Circus Space's position as the UK's largest circus arts organisation, offering mentoring schemes, corporate workshops and the pioneering London Youth Circus.

But this relationship is very much a partnership and as part of this relationship Circus Space has provided UBS with a range of artistic services from sponsorship to training, a seat on Circus Space's Board through to helping UBS stakeholders to understand the need to support the local community.

Taking just the example of the training services, Circus Space has been involved in the UBS graduate training scheme. The workshops run for graduates focus on the core competencies of UBS as part of their two-week induction so that they are prepared for work at the company. Although the graduate scheme changes slightly year-on-year it is normally a whole-day learning event where the graduates learn a series of circus skills in the morning and then in the afternoon they regroup into teams and each team has to work together to devise and create a short performance using the skills learnt.

The objective is to challenge the graduates to be resourceful, work as a team, to find a creative approach to problem solving while drawing on each other's strengths. The skills learnt at Circus Space can then be taken through the company, meaning it has a long-lasting and penetrating impact despite the targeted and short-term activity undertaken.

## Welsh National Opera and a global IT company

The UK Executive Board of a global IT Company commissioned an arts-based initiative as part of their wider two-day Board meeting that was focused on team working, leadership and business performance. The company was going through considerable change in October 2008 and the Board were looking for a step change in their performance.

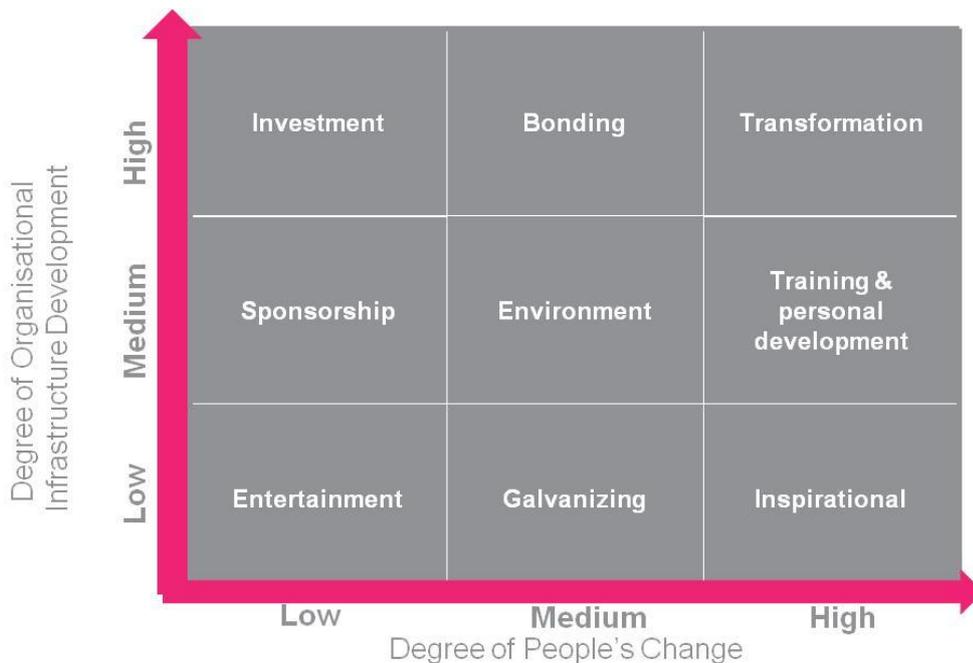
As part of the Away Day, Welsh National Opera provided a performance masterclass, giving the Board new insights into the challenges and opportunities they faced in developing their own performance. The arts-based initiative offered them the opportunity to look through a different lens at this key business issue and provided a platform for the Board to have the crucial conversations they had previously found difficult.

To demonstrate the discipline and mindset that is needed to produce a high-quality performance, Welsh National Opera delivered a masterclass that revealed how they go about creating their world-renowned productions. By recreating their rehearsal process and illustrating the role of the Chorus Master, WNO showed how they direct, coach and enable singers to work together quickly and effectively as a high-performing team. The analogies between the world of opera and the world of business were not lost on the IT company; through dialogue, interaction and reflection, the arts-based initiative provided another perspective on the issue of performance, which fed directly into the company's long-term strategy and plan.

## What types of products and services can I provide for businesses?

There are a range of people and organisational development services which you can provide a business with. Traditionally these have tended to revolve around sponsorship and training & personal development opportunities, but there are many other assets of the arts which can drive value for businesses. Through pioneering research conducted by Prof Schiuma on behalf of Arts & Business,

we have developed a matrix of possibilities to help you develop, refine and ultimately position your offer in a commercially focused and compelling way.



- *Entertainment* – This drives pleasure, enjoyment and fun. It drives satisfaction levels and can stimulate people.
- *Galvanising* – This is where art taps into the emotional and mental energy of people but this needs to be translated into business activities for lasting impact.
- *Inspirational* - Art experiences can encourage self-assessment, self-reflection, and build self-discipline, self-confidence and self-esteem.
- *Sponsorship* - The business can increase awareness of its brands and reputation among target markets or strengthen ties with a particular community through art sponsorship.
- *Environment* - Essentially based around the beautification of the business' environment to generate a perception among staff about the organisation which can increase satisfaction levels and alter behaviour.
- *Training & personal development* - There are specific skills, expertise and competencies which the arts have that businesses need to be successful such as presentation, communication, listening, storytelling, improvisation and body language skills.
- *Investment* - By investing in the arts, the business is seeking to use the arts as a source of income, which can mean collecting art or using the artistic process, its features and qualities to inform products and services.
- *Bonding* - Art used for bonding can provide a perfect analogy for business practices whereby staff understand the process of translating key organisational values into day-to-day practice.
- *Transformation* – This is where art is used to inspire and energise people to accept and prompt change, which in turn drives organisational renewal.

Case studies for all of these categories can be found in some of the further information cited at the end of this paper.

## **How do I go about developing and launching an Arts-Based Initiatives package?**

We have ten top tips to get you started on your entrepreneurial endeavour. These are scalable depending on the size of your operation but the principles should be adhered to.

### **1 Selecting your products**

As with any approach to a business for support, your products and services need to be defined and fit-for-purpose, with clear impacts and outcomes. The best way to identify what your products and services should be is to conduct a competency-based audit of your organisation. What are you really good at? What skills, abilities and processes make you unique? What of these are saleable? You need to play to the strengths of your organisation and its artists. For example, at a basic level if you have a good quality venue in a desirable area of your town/City can you offer corporate hire?

The Welsh National Opera undertook just such an approach to define its products and identified presentation skills as a key skill-based competency of theirs because of the performance abilities of the artists i.e. they know how to project, use their body language and engage an audience for impact. All of these are skills needed by any presenter. The Royal Opera House has also launched a range of training products using their operatic competencies which are equally relevant to a business, as their website says:

*‘Teamwork, Leadership, Vision and Personal Impact - just some of the attributes needed to be a member of the chorus, a conductor, director or singer commanding the stage.’*

These products and services need to be market tested with potential clients through taster sessions and cultivation events. This will also generate confidence in your products, both among your own staff and in the commercial world.

### **2 Right staff with the right skills**

Once you’ve selected your products, you need the right staff to manage and deliver them. Although you want the artistic skillset, you need people who can translate and transfer the artistic skill into a business context. Being able to speak both the language of the ‘arts’ and ‘business’ is of paramount importance so that your staff are the bridge between the two worlds. Not all artists will therefore be suitable for the commercial unit and they should be under no obligation to get involved either. An induction period of training is needed for the team so that they can fully get to grips with the market context in which they will be operating and the products/services themselves. There also has to be a benefit to the artist for getting involved – financial, intellectual and personal.

In terms of managing the commercial unit/team the Manager needs some very specific skills and experience: knowledge of the management issues of an arts organisation, both an artistic and commercial background, an understanding of the challenges in using ABIs to solve business

problems, be passionate about the arts and the use of the arts in business, access to a network of contacts in both the arts sector and the commercial world, and be dynamic and motivated.

### **3 Strategic buy-in**

There has to be strategic support from the whole organisation for this endeavour - from the top to the bottom; ideally what you need is a Steering Committee to support and inform you. Establishing a commercial unit and new products is too bigger task and challenge to do on your own and you need the assistance, engagement and contacts of a well-placed Committee. A commercial unit is a strategic shift in how you manage your relationships with businesses, which means active support at a Board/Trustee level as well as broader organisational understanding in the unit's role, function and purpose.

### **4 Investment and resources**

The establishment of a commercial unit selling a suite of products to business is a long-term strategy and income generator. This is not a 'quick win' solution because you need to build market demand and market share. Your staff already have a day job, so additional staff mayl be required to manage and deliver these products. You have to invest in it for success. Therefore, careful resource planning needs to take place in order to identify and understand the resources which are already available and where the gaps and pressure points are.

### **5 Business planning**

A detailed business plan has be put together which includes information on the products, investment requirements, resources, strategies for marketing, business development, and a financial plan. Not only is this good practice for any commercial venture, it is worth putting in the time to produce this at the outset because it will ensure tight financial control, enable objectives to be established and measured, and clear operating strategies and plans to be in place.

### **6 Marketing**

One of the most significant challenges in establishing a commercial unit is that you need to build the demand for your services as well as supply them. Businesses tend to still see the arts as something to sponsor, thus there is limited understanding in the commercial world of what the arts have to offer for their value creation capacity. This makes marketing the most fundamental activity you need to undertake to successfully launch the service. You need to promote the use of the arts as a management means to solve business problems while positioning yourselves as the arts partner to deliver this. You are, therefore, creating the right conditions for medium and long-term success.

First-hand experience of ABIs is the best selling technique i.e. taster session and cultivation events. The investment and resources needed for this have to be factored in at the planning stage.

### **7 Building a wide network**

Building your network goes hand-in-hand with marketing. Trying to identify and build relationships with the people who have decision-making powers and control the budget is no easy task, and

cultivating that relationship takes time. As any fundraiser knows, these are the same skills and practices needed in good donor/corporate care.

This network of contacts needs to be broad – Line Managers and business leaders ideally. Most arts organisations which are currently exploring the field of ABIs tend to focus on training & development rather than the other forms of arts-based collaborations (entertaining, galvanising and inspiring people, bonding and transforming staff and business). As part of a suite of services it makes sense, but don't restrict your creative development work or your commercial contacts.

## 8 Partners

One way of relatively quickly building your market share and reputation is by partnering with consultancies and agencies. When a business selects your organisation to deliver a service for them, they are not choosing you against other arts organisation but all other consultancies and agencies which use non-arts-based techniques to deliver people and commercial change. Working with established agencies enables you to incorporate artistic approaches into their working practices. Through these relationships you can deliver part of a wider programme and complement other techniques, while building recognition for you own products/services and appreciation for arts-based initiatives.

## 9 Value generation

The value and impact of your products and services will not only be financial. ABIs have multiple dimensions of value and by considering only the financial you risk presenting a misleading picture of the opportunity from setting up a commercial unit. For example, ABIs provide both you and your commercial client with intellectual capital which is just as important to promote:

Your organisation	Your client
Opportunity to build new and diverse customer relationships	Spreading the arts into businesses, new areas of a business and other agencies/consultancies
Impact of facilitating/delivering the art experience to clarify the benefits generated by the services	Impact of your products on the people who undergo the art experience
Strengthening your brand image and reputation – changing perceptions of your organisation especially among the business community	Changed the way in which they work with the arts
Advocating the benefits of the arts in business	

## 10 Evaluation

The approach outlined here is a commercial endeavour and as with any commercial propositions it needs to be evaluated. Not only for you to see the return on your investment but also how you can improve, refine and redevelop your products, services, management and operating structure, staff/artist training, marketing, promotion and business development strategy.

## How Arts & Business can help

If you are you interested in developing an entrepreneurial approach to commercial income generation, what are your next steps?

Arts & Business is ideally placed to advise and support you on developing a rich, varied and appealing package for businesses to generate income. We offer bespoke advice, guidance and support on all forms of income generation from private sources. We can audit your current, planned and potential income funding, conduct feasibility studies and run training programmes to support you.

For more information about our consultancy service see our website at:  
[www.artsandbusiness.org.uk/Central/arts-services/Consultancy.aspx](http://www.artsandbusiness.org.uk/Central/arts-services/Consultancy.aspx)

### For further information

We have a suite of papers offering you insight, knowledge and guidance on Arts-Based Initiatives:

- *Mapping Arts-Based Initiatives* by Professor Giovanni Schiuma  
This paper outlines the full scope of possible ABIs which the arts can offer, accompanied by case studies.
- *Combat the recession with Arts-Based Initiatives* by Joanne South  
Advocating to businesses the role the arts can play in addressing key challenges presented by the recession. This will help you make the argument for the value and impact you can generate for a business.
- *Beyond Sponsorship*  
A short leaflet explaining why businesses need a more diverse relationship with the arts.
- [www.artsandbusiness.org.uk/central/arts-services.aspx](http://www.artsandbusiness.org.uk/central/arts-services.aspx)

### Thank you

Arts & Business would like to thank Professor Schiuma for his on-going support and insight into Arts-Based initiatives and the Welsh National Opera.