

SOCIAL **ENTREPRENEURSHIP** **IN THE CREATIVE** **INDUSTRIES**

Unleashing The Brushstrokes Of Success



— • MIROSLAVA DIMITROVA • —

WASP

SOCIAL ENTREPRENEURSHIP IN THE CREATIVE INDUSTRIES

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WASP
Whistleblower Aid
Support Protection

Social Entrepreneurship in the Creative Industries is designed for young entrepreneurs, teachers, and trainers in the creative and arts-related industries. The handbook provides a theoretical foundation, modes of application, and practical solutions to real-life problems. It aims to build knowledge and develop competencies in marketing, financing, and operational management and help young artists launch and manage successful social start-ups within the creative sector.



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Contents

Fundamentals of social entrepreneurship in arts: youth inclusion, cohesion and building of social capital through arts and creative industries.	5
Selecting suitable practices of arts utilization for achieving valuable social impact	15
Strategies for increasing youth involvement in arts and cultural activities	31
Guidelines for youth social entrepreneurial initiatives in arts	42
Fundraising, Grant Writing, Capital and Endowment Campaigns in Creative Industries	59
Marketing mix and marketing plan in the fields of arts and creative industries	92
Pricing strategies in creative industries	117
Facilities, Operational Management, Pricing Strategy and Box Office	132
References	147

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In conclusion, the various definitions of social inclusion/exclusion focus on (a) the access of individuals/communities to rights and resources and (b) the presence/absence of obstacles to social, business, educational, health, and financial institutions and markets. Societies that regard the social inclusion of all their members as a priority for social well-being should develop policies based on the following principles and values:

- ✓ **Equality:** ensuring equal access to resources, structures, institutions, and decision-making processes for individuals and communities from all levels and streams of society.
- ✓ **Respect for diversity:** acknowledgment, understanding, acceptance, and appreciation of differences, whether expressed through economic, cultural, religious, ethnic, or political background.
- ✓ **Participation:** active and effective participation in all aspects of societal decision-making at local and national levels, and through formal and informal networks.
- ✓ **Interdependence,** which expresses recognition of obligations and desires for commitments to others and of the interconnectedness of individual/community with the society.

Social cohesion

Social cohesion has been defined as “the ongoing process of developing a community of shared values, shared challenges and equal opportunity, based on a sense of trust, hope, and reciprocity among all members of the society. Social cohesion is a characteristic of communities that promote the principles of inclusion, belonging, participation, recognition, and legitimacy. Poverty reduction, investment in social infrastructure, crime prevention and suppression, and promotion of equality are all factors that contribute to greater social cohesion” (Canadian Senate Committee, 2013). Social cohesion is what makes social systems hold together as opposed to falling apart. Social cohesion depends on the accumulated social capital. There is an important interrelation between social inclusion and cohesion. Since greater inclusion positively affects one's incentives to invest in social capital, inclusion is a means of creating greater cohesion (Oxoby, 2009).





The debates on social cohesion are especially relevant to those countries which experience an increased rate of migration (including immigration) such as most European countries, the USA, Canada, Australia, and New Zealand. In some cases, cohesion focuses on the relations between newcomers and the indigenous population (such as the Aborigines in Australia or Native Americans in the USA). Cohesion does not signify equality but harmony. Most cohesive societies have a significant diversity of social characteristics (various economic and social strata, different religious and ethnic backgrounds), but still manage to build and maintain a united society with common social values and a strong sense of belonging. Social cohesion involves building shared values, reducing disparities in wealth and income, and generally enabling people to have a sense that they are engaged in a common enterprise, facing shared challenges, and that they are members of the same community. (Maxwell 1996)

According to Forrest and Kearns (2001), social cohesion has the following characteristics:

- ✓ **Common values and civic culture:** common aims and objectives; common moral principles and codes of behavior; support for political institutions and participation in politics

- ✓ ***Social order and social control:*** absence of general conflict and threats to the existing order; absence of incivility; effective informal social control; tolerance; respect for difference; intergroup co-operation
- ✓ ***Social solidarity and reductions in wealth disparities:*** harmonious economic and social development and common standards; redistribution of public finances and of opportunities; equal access to services and welfare benefits; ready acknowledgment of social obligations and willingness to assist others
- ✓ ***Social networks and social capital:*** high degree of social interaction within communities and families; civic engagement and associational activity; easy resolution of collective action problems
- ✓ ***Place attachment and identity:*** strong attachment to places; interweaved personal and place identity

Source: Forest and Kearns, 2001

Social capital

Social capital refers to “the levels of trust, reciprocity, and availability of perceived or actual social, emotional or instrumental support within a community” (O’Brian and Donelan, 2008). It also expresses the individual's willingness to sacrifice time, effort, and consumption in order to promote cooperation with others. There are two key mechanisms identified by Putman (2000) in the building of social capital, namely: bonding and bridging. “**Bonding**” refers to the links people have within their family or cultural group. “**Bridging**” reflects the capacity that people have to transact with others who are not members of their reference group. When enhancing the social capital, the both, process of strengthening existing bonds within the group and of reaching the other members of the society, should be encouraged and fostered. Social inclusion, social cohesion, and social capital are interrelated, one leading to another. Citizens of a country that enjoy a relatively high level of inclusion form a cohesive and harmonious society with less expressed social conflicts and tension and are willing to invest in the building of social capital, which in turns lead to more social benefits and well-being for all.



Arts, culture and social well-being

Art, culture, and creative activities have been recognized as important vehicles for conveying social values. There is a broad range of economic and social benefits at both the individual and societal levels, which can be derived from participation in the arts. For children and young people, for example, such participation can develop a range of skills, self-confidence, and abilities for teamwork. More generally, the arts also play an important role in providing intellectual and emotional stimulation and meaning. They can symbolize aspects of the world and provide a shared means of doing so. The arts also mark significant events in life (such as marriage, and funerals), and express communal meanings. Moreover, the arts contribute to and strengthen social capital and are associated with higher economic growth, greater social equality, and increased levels of well-being and life satisfaction.

Experience of the arts is different from that of most other consumer goods and services, especially where one is involved in active consumption of the arts. Consumption of any art form is essentially a communicative experience, a bridge from artist to audience and between all participants. Artists can experience the world in ways not immediately obvious to other people. In



the act of expression, the artist makes inner reality public, and therefore communicable to others. The effect of a work of art, play, piece of music, or book is felt immediately in the aesthetic experience, but that experience can have a continued effect when the individual reflects on and shares his/her impressions with others. The aesthetic experience is not therefore limited to passive spectatorship but very often stimulates curiosity, questioning, and the search for explanation (NESF, 2007).

Many studies reveal that performing arts programs can provide rich learning contexts and a sense of solidarity for disadvantaged youths and those who are “at risk” (O’Brian, Donelan, 2008). The arts can be successfully used as a pedagogical tool to help children learn. The learning capacities of arts are much broader than the linguistic and logical/mathematical models of education and present an opportunity for an individual approach tailored according to personal preferences and learning abilities.

Arts participation is associated with particular benefits for young people such as fewer suicides, lower drop-out from school, reduced drug abuse, and less anti-social behavior. The arts

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Chapter 3

Strategies for increasing youth involvement in arts and cultural activities

Increasing youth involvement in arts and cultural activities is a complex process and requires some considerations starting from the early arts education received in the school and family to overcoming existing obstacles and barriers that prevent young people from participating in arts and creative practices. Relevant strategies should be introduced to address all the challenges and issues and to stimulate youth in taking an active part in the cultural life of the community.

Reasons for not participating in arts that need to be overcome by strategic approaches and arts-related policies include:

✓ Limits in arts education

Many pieces of research underline the significant role played by the arts and creative education such as the participation of students in drawing, painting, drama, literature, and music projects. Art courses not only increase appreciation of art but also provide young people with valuable creative skills and aptitudes. Unfortunately, after primary school, art courses in most counties diminish significantly and even disappear from the mandatory curriculum. Art is seen as a subject only for those who have special talents and who aspire to embark on artistic or creative careers and are mainly thought of as an extracurricular basis. In general, contemporary schooling methods may be producing a generation of culturally impoverished young adults.



On the other hand, there is a lack of introductory opportunities for some arts within the education system. Drama for example, unlike visual arts or music, is not yet mainstreamed into the educational system and as a result, young people have limited opportunities to progress experience or knowledge of drama. Similar deficiency is faced by other arts such as sculpture, pottery, crafts, music instrumentals, fashion design, cartooning, etc. The cost of materials is a significant consideration and could pose a barrier to arts and design education.

✓ Family commitments

This was the most important reason (30%) given in the survey conducted in 2006 for having difficulties attending art events (NESF, 2007). Small children and elderly parents who need care and assistance could serve as an obstacle to finding time and resources to participate in cultural activities. Most of the art happenings are not child-friendly and could not accommodate families with small kids. On the other hand, the significant costs for admission to museums, concerts, galleries, etc could be a considerable burden for those families

✓ **Time**

Attending and participating in art projects and events is time consuming. Some suggestions could explain this phenomenon with long working hours, short paid vacations, long commuting distances, and family obligations that many active adults experience.

✓ **Socio-economic status**



The gap between cultural service providers and those experiencing poverty is largely recognized and discussed. Attendance of cultural events, visiting theaters, art galleries, and concerts requires a substantial level of discretionary income. Since art consumption is not regarded as vital for basic existence, people with income below the poverty line could rarely allocate money for such a “luxury consumption”, neither they have the motivation to do so if their basic needs have not been met. In addition to the potential financial barriers to accessing culture, there are intellectual, perceptual, and psychological barriers, which include fear, worry, low self-esteem, lack of confidence, and a general lack of understanding of what to expect when visiting art exhibitions or attending theatre (NESF, 2007).

✓ **Cost**

The above-mentioned survey reveals that 19% of people were deterred from participating in arts activities due to the high cost involved. It could be either because of the too-pricey admission tickets for art centers, concerts, theater, or museums, or expensive materials and tools that are needed for a specific art activity (ex. cost of musical instruments, painting materials such

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a competitive advantage juxtaposed to the other more traditional industries. Nevertheless, to a great extent, the fundraising process in the creative industries is similar to those of other industries, since no organization is risk-free and the same mechanism and principles could be applied. A particular consideration that affects mostly the creative industries is intellectual property protection from illegal copying or use infringement.

A. The Fundraising process

Before start seeking outside funding, any business unit has to think carefully about potential self-financing. It should be noted that the external source of funding could have some negatives that should be considered on the management level. Table 1 summarizes the pros and cons of raising capital:

Table1: Pro and Cons of Raising Capital

The Pros of Raising Capital	The Cons of Raising Capital
More money can amplify success	Fundraising can be costly and time consuming
Leveraging power contacts and influencers	Giving up control
Speeding up results	The burden of owing others
Capital can be critical for staying afloat	Too much money destroys founders, relationships
Funds to use to improve product/service	Pressure to water down or detour from plans
Branding and visibility benefits	Can become distracted by additional demands
You can grow a lot bigger, a lot faster	You'll be pocketing less of the profits



Source: Cremades, A. (2016)

Despite the possible risks and challenges related to external funding, it is one of the most commonly used methods of financing especially in the cases of major creative ventures. No startup founder should ever underestimate the importance of access to capital. Nothing will kill the idea and the dream faster than running out of cash. This isn't an issue only for brand-new

businesses, either. It is often the unexpected cash flow crush that sabotages very promising ventures.

In all cases, the management of the creative company should think about how to raise capital 24/7 and stay liquid for at least a six months term plan. Seeking potential funders should be an ongoing activity of the company. In this regard the following questions should be considered (Beany & Kampfner, 2015):

- Who are the potential funders and investors?
- What are the current and past sources of income of the creative company?
- What has been successful? What has not?
- What are the potential funders looking for ?
- Are there other competitors among the creative organizations for funding?
- Could other creative organizations be attracted as potential partners?
- How to establish an ongoing cultural, social, intellectual, or emotional connection with our potential funders, beyond a merely ‘transactional’ relationship?
- Can the potential funders add value beyond cash – as customers, providers of professional expertise, advisers or as a route to other funders?

When raising money from outsiders, there will be expectations to deliver certain types of milestones in a given timeline. Such milestones may include idea conceptualization, market research, business plan creation, finding co-founders, staffing the organization with key experts and managers, testing and prototyping, releasing or launch of the product, gaining revenue, reaching the break-even point, etc. In the best-case scenario, is desirable to have a product on the market, but this is not always possible within the creative sector. This makes the fundraising process a bit more complicated and risky for the investors. Most companies build an investor’s portfolio that consists of different types of sources of raising money. By doing this, they minimize the risks and increase the scope of funders they could reach, thus building a sustainable financial future for the organization. There are four major sources of finance that the creative industries could profit from, which include:

- 1) Private capital investments
- 2) Public investments
- 3) Philanthropic support
- 4) Corporate partnership

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The first step in grant planning is to set funding priorities in an organization and come up with appropriate projects and cases for support that can later be tailored to the specific interests or objects of a foundation. Foundation grants can be used to support all aspects of a nonprofit's operations, including the costs of providing a program, buying equipment/facilities, or the purchase of a building.

Having identified the need, the next step is to identify potential funders, make initial contacts, and cultivate a relationship that will help the fundraiser to develop the grant application or proposal. The writing of this document follows logically from this process. If the application is successful and the funding is forthcoming, then nonprofits need to make preparations to administer the grant, keeping a detailed record in compliance with the foundation's reporting guidelines, so that ultimately they may report back to the funders. If the application is unsuccessful, fundraisers will need to identify the reasons for this decision and use the data gathered to refine their future approach. It may be that the same foundation can be approached with a different proposal in the future, or it may be that the foundation was ill-chosen and should not form the basis of subsequent solicitation because its objects do not match those of the organization. A formal review will therefore be helpful in directing future efforts.

The best application proposals usually grow out of complex collaborations

Fundraising via Grants in 4 Phases



Research

Identify potential grant funders. Those are government, international, and national programs, non-governmental organizations, such as foundations, charitable entities, and corporations.

Select

Select those organizations that appear to have the best prospects for success. To achieve this, fundraisers need to examine the fit between their own objectives and projects and the mission or objects of the target foundations.



Contact

Some funders permit a limited degree of contact before a submission is made. When this is possible, it is advisable to explore this before sending an initial expression of interest. Initial contacts may take the form of a phone call, an email, or even a face-to-face meeting



Apply

Applications can take a variety of different forms. It might be a complete detailed application form, or a free-form proposal (although guidance over content is usually given). The application can be a two-stage process with applicants invited to submit an outline proposal or expression of interest before submitting more detailed documentation later.



among entrepreneurs, institutional leaders, project directors, and founders.

The process of developing a proposal is rarely linear. It may begin in what appears to be the middle, go on to the end, loop back to an earlier circle back, then race to the end. Typically, a proposal includes the following components:

- ***Table of Contents***
- ***Executive summary:*** brief overview of the key points of the whole proposal •
- ***Statement of Need:*** clear explanation of the needs that will be met, demonstrating the fit between these needs and the overall objectives of the granting institution.
- ***Objectives,*** a clear set of SMART objectives for the programs for which funding is being sought.
- ***Project Description,*** detailing exactly how the stated objectives will be met. It should include information about the activities that will be implemented and a timeline for implementation
- ***Mechanism for Evaluation,*** phrased in accordance with the foundation's own evaluation criteria where these exist.
- ***Organizational Expertise:*** The goal is to establish credibility.
- ***Future Plans,*** considering what will happen after the grant ends.
- ***Budget,*** including direct and indirect costs.
- ***Additional support,*** listing other support already secured. These enhance the credibility of the organization and demonstrating a track record of funding success.
- ***Appendices,*** including copies of additional documentation, such as copies of institutional policies, annual reports, previous accounts, and so on. Art organizations should provide only appendices that have either been requested or that strengthen their proposal.



It is good to know that it is possible even for the good applications to be declined. Data suggest that only around 40 percent of received applications will be funded (*Sargeant&Shang, 2017*). A typical art organization might therefore have to make three submissions to gain one grant. The table below provides useful information on why applications for funding fail.

Table, **Reasons for declining grant applications** (Source: *Sargeant&Shang, 2017*)

Category	% of Respondents Identifying
Applicant did not read requirements	55.3
Applicant sent large amounts of unnecessary information	23.4
Application poorly presented	19.2
Applicant did not state how funds would be used	14.9
Applicant did not read instructions for making their application	14.9
Applicant did not include their accounts (when requested)	14.9
Applicant did not make clear their tax status	12.8
The application was impersonal and mass-produced	12.8
No reply envelope was included (where requested)	10.6
Applicant was "overfriendly" in either postal or telephone communications	8.5
Applicant sent insufficient information for a decision to be made	8.5
Applicant did not state the amount of funding that was sought	6.4
Application was too "plush"	6.4
Other	8.6

D. Capital and endowment campaign

A capital campaign is a fundraising activity designed to raise money for a tangible need: building, equipment, or other cost items that are necessary for carrying out the mission or expanding the work of the culture organization (Weinstein & Barden, 2017). An endowment campaign on the other hand is a fundraising program to provide for the operational activities of the entity. Through capital and endowment campaigns a spectacular sum of money could be raised, amounting to billions of dollars. Universities, churches, art institutions, and hospitals are among the biggest receivers of the endowment. The art organizations that has a solid vision for the future, experienced management, and major donors has the potential to launch and conduct a successful campaign if the following prerequisites are present

Endowment Campaigning:

TIPS FOR SUCCESS:




- The Art organizations should have a blameless reputation and be worthy of public and private charitable support
- The project should be consistent with the mission and the strategic plan of the organization
- The case for support must be properly communicated to the public so that it could be understood and accepted
- The funds must be available and attainable.
- Strong volunteer support should be recruited, enthusiastic leaders should be attracted.
- Timing and environment must be right
- The campaign must be well organized and staffed with individuals capable of supporting a major project initiative and fundraising campaigns
- The board of directors must have a sufficient number of members who are influential within the community

Source: Weinstein & Barden, 2017

Capital and endowment campaigns are aimed to fund visionary projects and contribute to large financial goals. The funds are typically attained during a period of several years. There are several distinct phases that are part of the preparation, launching and post-events activities related to the fundraising campaigns (source: *Bruce&Kirkpratick, 2013*):

- **Preliminary phase** encompasses activities such as appointing a responsible management staff for the campaign or hiring an outside consultant, project planning, budgeting, preparing a cause to be supported, researching prospective donors who will be contacted later on

- **Planning phase** is the key to a successful campaign. At this stage, the organization gathers all written evidence concerning the project and put them in a written document available for the potential donors. It contacts many stakeholders such as volunteers, community members, governmental institutions, etc.
- **Advancement phase** . During this period, the supporters are identified, contacted, and attracted. A small group of influential volunteers is recruited. The initial approach to the potential donors is made, usually by mail, phone or in-person visits. The public relation and advertising activities related to the campaign are also planned at this phase, including printing of brochures and other visual materials
- **Intermediate phase.** The organization continues with the work initiated in the previous phase. It develops more elaborated campaign materials, recruits a broader base of volunteers and go public. Volunteers should receive proper training.
- **Public phase.** This is the most visible and glamorous part of the campaign and should have a broad public appeal. Every potential supporter should be able to participate. Public attention is engaged by all possible means and media. The volunteer base is expanded to its maximum. Volunteers should be acknowledged and rewarded publicly for their efforts and time. Donors should be motivated by material or non-material awards and recognition. During this phase many celebrations and events should be held.
- **Follow-up.** Follow-up activities aim to foster positive relationships with donors and help ensure that the donors' contributions are duly given and received. The follow-up process includes as well a revision of all donors' commitments and consideration of whether they could be approached for additional contributions. In the end, all the supporters' efforts should be acknowledged and rewarded.

Cultural organizations try to build a strong and sustainable relationship with their donors, which is enforced with consistent and ongoing communication, a gesture of acknowledgment and appreciation, charitable events, etc. Usually, there are three main approaches when dealing with donors: annual giving, special purpose donations, and bequest planning. The “pyramid of giving” (see below) illustrates how each area functions in procuring the donor’s interest and involvement. Giving programs are aimed at recruiting new donors and renewing prior donors, whose gifts provide for annual operating needs. The most frequently used methods of approach in this case are:

- ✓ **Mails** This is perhaps one of the cheapest and ready-available methods to find and recruit new contributors, but also one of the less efficient, since most of the donors won’t respond to bulk mail. Usually, a charity can expect only a 1 to 2 percent rate of return on “bulk mail requests”.

DIRECT MAIL PROCESS

(A) SELECTING AUDIENCES LIKELY TO RESPOND TO THIS ORGANIZATION;

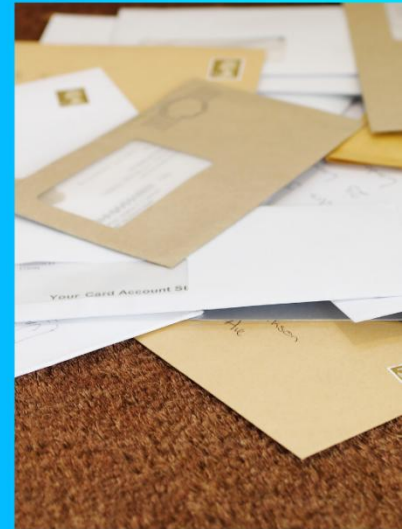
(B) BUYING, RENTING, OR LEASING UP-TO-DATE MAILING LISTS OF AUDIENCES SELECTED;

(C) PREPARING A PACKAGE CONTAINING:

- A LETTER SIGNED BY SOMEONE WHOSE NAME IS RECOGNIZED BY MOST PEOPLE,
- A RESPONSE FORM WITH GIFT AMOUNTS SUGGESTED,
- A REPLY ENVELOPE
- BROCHURE OR OTHER INFORMATION ABOUT THE CHARITY OR THE PROGRAM OFFERED FOR GIFT SUPPORT;

(D) SCHEDULING THE “MAIL DROP”

(E) PREPARING FOR REPLIES, INCLUDING GIFT PROCESSING, SETTING UP DONOR RECORDS, AND SENDING “THANK YOU” MESSAGES.



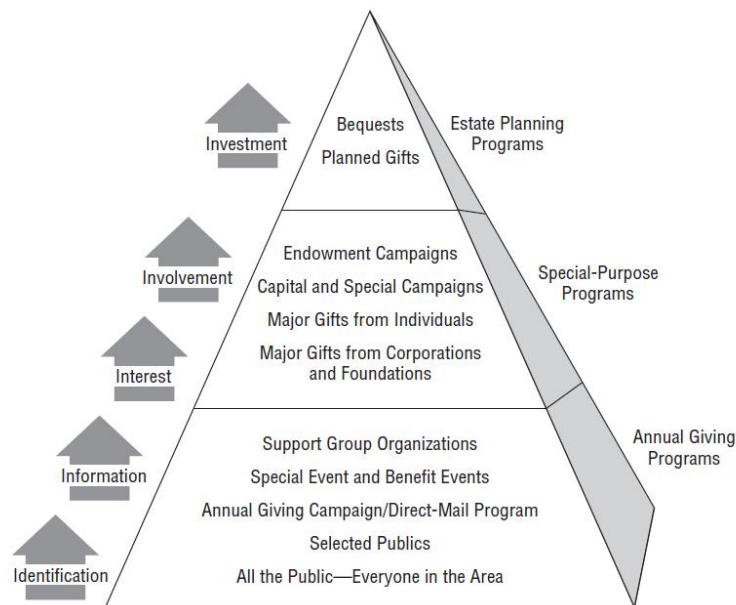
SOURCE: SARCEANT&SHANG, 2017

- ✓ *Telephone* . Telephone calls to prospects and donors permit dialogue and are more successful than direct mail. Public response is not high (around 5 to 8 percent), perhaps because of the intrusive nature of phone calls and their frequent use by for-profit organizations (Weinstein & Barden, 2017).
- ✓ *Special benefit events*. These events could have many forms and formats, including banquets, performances, sports and art happenings, concerts, etc. While popular, especially with volunteers, these events are typically among the most expensive and least profitable methods of fundraising in practice today. If well-managed, they should produce a 50 percent net profit. While most fundraising staff deplore the energy and hours required to support events, their greater value is in public relations visibility, both for the charity and its volunteers.
- ✓ *Door-to-door and on-street solicitation*. This is a time-consuming method, usually carried out by volunteers. It is less popular recently, because of the general public mistrust based on abuse by unethical organizations
- ✓ *Sweepstakes and Lotteries*. It is a questionable practice and in some countries is even illegal, since it could be perceived as a form of gambling
- ✓ *Mailings of Unsolicited Merchandise*. This is a form of direct mailing when goods and vouchers for services are shipped to prospective donors. The reason behind this practice is that presumably, recipients would feel guilty keeping something of value sent to them

and thus would be more likely to respond with gift support. This type of method is less popular today because of postage and material costs, along with public mistrust (Weinstein & Barden, 2017)

- ✓ *Commemorative Giving.* A commemorative gift to a charity has the dual effect of honoring the recipient and aiding the donor’s favorite charity at the same time. Most often, these gifts are memorials following the death of a family member, friend, or business colleague, and are directed by the family to their favorite organization. Commemorative gifts can also be given to mark a birthday, anniversary, promotion, graduation, or other important occasion, or to honor a friend, physician, artist, or teacher (Bruce&Kirkpratick, 2013)

Figure 3: Pyramid of Giving



Source: Bruce&Kirkpratick, 2013

Summary

Companies and organizations within the art industries have a plethora of funding opportunities to choose from. Sources of funds can include individuals, private investors, corporations, governments, international organizations, and NGOs, including foundations. Types of funding vehicles are donations from individuals or awards from institutions, which are usually given with no strings attached; grants from institutions, which are given for specific objectives;

loans, which can be provided by either individuals or institutions and must be repaid; and equities, which confer partial ownership to the individual or institution providing funding.

The art institution or entrepreneur has the opportunity to choose between dealing with investors, applying for grants, or staging a capital and endowment campaign in order to accumulate the assets needed for its activity.

Depending on the objectives, values, and desired outcomes, art organizations can include more than one of the above sources and tools. Fundraising is a key aspect in obtaining financial sustainability, but could also be used as a PR and marketing tool in promoting the organization's overall activities and raising awareness of its value to society.

Chapter 6

Marketing mix and marketing plan in the fields of arts and creative industries

Marketing planning is a crucial element of the successful business strategy of any company, including one involved in the fields of arts and creative industries. Creative industries are defined as industries that produce goods and services and provide artistic, cultural, or entertainment value to customers (such as the performing arts, film, television, music, dance, theater, publishing, video games, advertising, fashion, and sports) (Elberse, 2011). Marketing can be defined broadly as a function



within a company that seeks to generate a profit by organizing the firm's resources and activities to determine and satisfy the needs, wants, and desires of its target markets (Ferrell & Hartline, 2014). Marketing in the fields of arts and creative industry implies the application of a range of techniques and a business philosophy that centers upon the customer and potential customer of arts and related products and services in order to meet the long-term goals of the organization. In the past, marketing was regarded as being synonymous with selling and advertising. Today, marketing is considered a management function and advertising is only a part of its activities. Organizations must deal with a number of activities and decisions in marketing their products to customers. These vary in both complexity and scope. Marketing planning is the development of a logically structured format for those activities that lead to the setting of marketing objectives and the plans for achieving them. The marketing plan to a great extent determines the future success of the enterprise. Effective marketing requires sound strategic planning at every stage and level in an organization. The marketing plan provides an account of the existing external environment (political, economic, social, legal, and environmental) and how this environment could affect positively or negatively the company's objectives. It also gives outlines of how the organization will combine product, pricing, distribution, and promotion decisions to create an offering that customers find attractive. Finally, the marketing plan addresses the implementation, control, and refinement of these decisions (Ferrell & Hartline, 2014).

The marketing activities may vary according to the different aims and objectives of the organizations. When dealing with a "for profit" company, the marketing efforts should be focused on the bottom line success, while for "non-profit", including art social enterprises those objectives should be to produce more social value, rather than achieving monetary gains. The contemporary approach to marketing planning is different from the traditional one that focused mainly on increasing sales and profit mostly in a short-term span. Even, "for-profit" organizations today have changed their marketing priorities from obtaining short-term sales

increases to establishing a solid relationship with their customers and providing for their needs, thus securing repeated sales and a long-term profit gain. In any case, the main task of marketing is to focus on the customers (or those, who are the primary users of the company's products and services) and to tailor their production, advertising, pricing, and distribution efforts around the needs, wants and purchasing power of those customers. In other words, the marketing must determine the following: 1) who the company's customers are and what their needs and wants are, 2) when they want it, 3) where they want it, 4) how they want to buy it and what price they're willing to pay. These points make up the four Ps of marketing, referred to as the *marketing mix*:

- ✓ product,
- ✓ price.
- ✓ promotion,
- ✓ place (distribution),

The four Ps are what the marketing manager considers “controllable variables”; that is, they can be adjusted and changed in determining strategies for the firm and for the products and services that the firm wishes to market (Ferrell & Hartline, 2014).



The market success relies on the availability and the analysis of information. Data could be obtained from various sources. This process is facilitated due to the improving technology and the Internet. However, the challenge of finding and analyzing the right information remains. In order to obtain the data needed for a specific market, conducting primary data gathering is advisable. During this process, the attitudes and needs of the potential and existing customers have been researched and analyzed.

Another important analysis that the company needs to perform is internal analysis, competitive analysis, and environmental analysis. Internal analysis refers to the company's current strategy and performance, as well as the current and future availability of resources. Analysis of the competitive environment, also known as competitive intelligence, involves analyzing the capabilities, vulnerabilities, and intentions of competing businesses. Analysis of the external environment, or *environmental scanning*, involves the analysis of economic, political, legal, technological, and cultural events and trends that may affect the future of the organization and its marketing efforts. Some marketing planners use the term “situation analysis” to refer to the overall process of collecting and interpreting internal, competitive, and

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Since competition and demand are not very easy to identify in the field of creative goods, the starting point should be the value attached by customers to a product or service. Achieving exceptional profitability requires managing much more than just price levels. It requires ensuring that products and services include those features that customers are willing to pay for (without those that unnecessarily drive up costs by more than they add to value). It requires creativity in reaping revenues so that customers who get more value from your differentiation pay more for it. .

Successful pricing strategy is built on three pillars: an effective organization, timely and accurate information, and appropriately motivated management.

Considerations that will come into play when setting the price levels are The higher the company's profile, experience, and brand recognition, the higher the price it can charge. Higher prices are also justified when the company works with a target group on a niche market or when it creates unique, tailor-made product or service for its limited number of clients.

Ultimately, the success of a pricing strategy depends upon customers being willing to pay the price you charge. The rationale for value-based pricing is

PRICING STRATEGY

01 Value-based

The prices are set at a level that reflects accurately the perceived value of the product/service for the customers and their willingness to pay for it.

02 Proactive

The companies anticipate disruptive events (for example, negotiations with customers, a competitive threat, or a technological change) and develop strategies in advance to deal with them.

03 Profit-driven

The company evaluates its success compared to the initial investments, rather than to the competitors' share. Sometimes it means cutting the business and decreasing the sale volume.

source: Thomson et al, 2011

that a customer's relative willingness to pay for one product versus another should track closely with differences in the relative value of those products. When customers become increasingly resistant to whatever price a firm asks, most managers would draw one of three conclusions: that the product is not offering as much value as expected, that customers do not understand the value, or that the price is too high relative to the value (Thomson et al, 2011). The term value commonly refers to the overall satisfaction that a customer receives from using a product or service offering. Differentiation value comes in two forms: monetary and psychological, both of which may be instrumental in shaping a customer's choice but require very different approaches to estimate them. The monetary value represents the total cost savings that a customer accrues as a result of purchasing a product. Monetary value is the most important element for most business-to-business purchases. Psychological value refers to the many ways that a product creates innate satisfaction for the customer. A Rolex watch may not create any tangible monetary benefits for most customers, but a certain segment of watch wearers derives deep psychological benefit from the prestige and beauty associated with ownership to which they will ascribe some economic worth. Creative products often create more psychological than monetary value because they focus on creating satisfaction, pleasure, a sense of exclusiveness, and authenticity.

Optimizing an Offer Bundle

A bundle, in this case, is a combined offering of several products/ services at one price. By creating more than one bundled option designed to appeal to different segments, a marketer can get most of the benefits described above along with the financial rewards of segmentation. Adding to the benefits of bundling, sellers can often earn more profit by pricing a bundle than they could by pricing the individual elements when a particular relationship exists among the features included in the bundle. Bundling is profit-enhancing when it is possible to bundle features and services that create high value for some significant customer segments but more moderate value for others. A simple à la carte price for one feature or service that optimized profitability from one segment would necessarily over or under-price other segments. Bundling, however, can facilitate more profitable, value-based pricing for each segment (Thomson et al, 2011).

Case study:

Musical entertainment can provide an ideal opportunity for profitable bundling, where the "features" valued differently by different segments are the different types of performances. In Boston, where the authors live, one can buy tickets in a series that includes a few headline performers—such as Green Day, Jay-Z, or Kenny Chesney—as well as some lesser-known but

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- ✓ Monitor the progress of all maintenance work.
- ✓ Maintain complete historical data concerning the facility in general and equipment and components in particular.
- ✓ Continually seek workable engineering solutions to maintenance problems.

Source: Gregory H. Magee (1988) Facilities Maintenance Management, Kingston, MARSMeans

12. Emergency preparedness and disaster recovery

Facility managers, to one degree or another, have always been and will always be involved in emergencies and disasters that affect the creative organization. Emergency management is the managerial function charged with creating the framework within which communities reduce vulnerability to hazards and cope with disasters (Roper&Payant, 2014).

A good emergency plan is thorough, and carefully prepared, exercised, and drilled. It addresses the various types of potential emergencies and identifies where assistance can be obtained. It also evokes comfort and confidence that the organization is competent in its ability to react accordingly. The facility manager is the one who organizes and trains the staff of the company on how to respond to emergencies. The following steps in assessing the potential thread include:

- List potential emergencies (examples include fire, flood, electrical outage, civil disturbance, and so on.)
- Estimate probability of occurrence
- Assess the potential human impact
- Assess the potential property damage
- Assess the potential impact on the company



Emergencies can be categorized as man-made, natural, or technological (Pinkowski, 2008). *Man-made emergencies* include workplace violence, labor strikes, civil disorder, economic degradation, arson, hostage situations, indoor air quality issues, hazardous material spills (e.g., broken natural gas lines; improper mixing of chemicals; solid, liquid, or gas infectious agents, medical and human waste, etc.), and terrorism acts, such as environmental, cyber-terrorism, bomb threats, nuclear, biological, and chemical attacks. *Natural emergencies* are those resulting from weather or environmental conditions (e.g., drought, fires, flooding, earthquakes, tornadoes, hurricanes, high winds, snow, ice, hail, extreme heat, lightning, tsunamis,

volcanic eruptions, etc.) while technological emergencies are related to telecommunications failures and interruptions (e.g., electrical power loss and malfunction).

Developing a working and reliable emergency plan based on the thread assessment discussed above is an important activity of the facility manager. Taking into consideration that some of the creative organization brings together many people in one place either as visitors or staff, each disaster could have a great potential impact, and many human lives could be at stake. The Table below suggests some steps which need to be taken in developing and implementing an emergency plan.

Development and implementation of emergency plan

1. Appoint a leader to lead the emergency preparedness team.
2. Organize the team and include representation from various functional parts of the organization, such as human resources, legal counsel, purchasing, financial affairs, information technology, public affairs, manufacturing, engineering, production, security, risk management, environmental health and safety, etc.
3. Develop the purpose (mission) of the team (with everyone's input) and determine the final desired outcome.
4. Outline the areas/functions to be addressed.
5. Establish a timeframe with milestones (schedule).
6. Identify mission essential services, products, and operations.
7. Conduct reviews of existing plans, interviews of "experts" including outside agencies and organizations (including community), and hold brainstorming sessions. These sessions should focus on the type of emergencies that occurred in the past, the type of emergencies expected, and technological and equipment emergencies that could impact the organization's mission. Analyze each type of emergency from a scenario perspective.
8. Conduct a risk assessment (internally or contracted) using the types of emergencies brainstormed previously.
9. Identify available internal resources.
10. Identify needed external resources.
11. Establish financial recommendations and a budget.
12. Identify and review insurance requirements.
13. Modify plan as needed.

Source: Roper Kathy O., Payant Richard P. (2014), The Facility Management Handbook

13. Security management

Emergency preparedness and security management go hand in hand. Today facility managers have to think, plan, and manage all the components of the environment (including potential threads and challenges) simultaneously. The first consideration of the facility manager is to protect people's lives and then to protect the organization's property. Physical security has always been a major concern for most organizations. It has taken on more importance in the last ten years because of terrorist incidents like the attacks on civilian targets in the USA, Europe, the Middle East, and Asia, and the shootings at various business establishments, universities, and public venues such as cinemas and conventional centers.

Another challenge before the security provision is intellectual property crimes or theft of information, which increases over time. It is evident that security should be regarded in both areas – physical and virtual.

Physical security

The goals of physical security are to control access and prevent or reduce theft and losses. The security is subject to general regulations which may require that the premises of the creative companies have fire safety directors, building evacuation supervisors, floor wardens, evacuation teams, etc.

Effective security protection includes the perception of security as well as the actual measures taken. Surveillance warning signs and dummy cameras help to convey the sense of security needed to assure visitors and discourage potential criminals (Roper&Payant, 2014).

Virtual security

The major security threat facing art companies today is not real, but virtual. Today, information is everywhere. It can be found on laptops, desktop computers, and tablets; it can be accessed at work, at home, and while traveling. The security challenge in the future is to determine how to protect information no matter where it is located or how it is used. This is especially true for creative companies, whose main assets are know-how or intellectual property including software, audio and visual records, patents, and many others. Some threads for the virtual property include computer viruses, hackers, and inadequate storage.

14. Other services

There are a number of services administered by the facility management department depending on the type and size of the organization, the activities, and the overall managerial approach. For example, if the creative company strives to attract the most talented and skillful employees, it will probably focus on establishing a good balance of family time and work by developing childcare centers along with office space. Other possible solutions to increase the well-being of its staff will be an office fitness and sport center (even a swimming pool and SPA). These various types of activity are also managed by the facility department. Cafeteria, restaurants, vending machines, and other food and beverage sales and servicing outlets are again included in the FM's list of responsibilities. Other more obvious tasks include concierge and mailing services, transport and logistics as well as art and decoration.

Future Trends in Facility Management

Facility management will continue to be an important and vital department within any organization, including the creative ones. For the future, there are several issues that will be outlined and paid particular focus on and those reflect the changing trends in the organizational culture as well as the economic and social environment. These trends are (Roper&Payant, 2014):

- Increasing focus on sustainability
- Increasing complexity in technologies and data, in both the building itself and its operations
- Stronger focus on security, preparedness, and disaster management

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