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Business Models and Management. Change Management.

Theme 2.1



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Business models and systems as a competitive advantage

Business model

= how the individual entrepreneurs and/or enterprises create and deliver value and how they generate profit

“A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm.

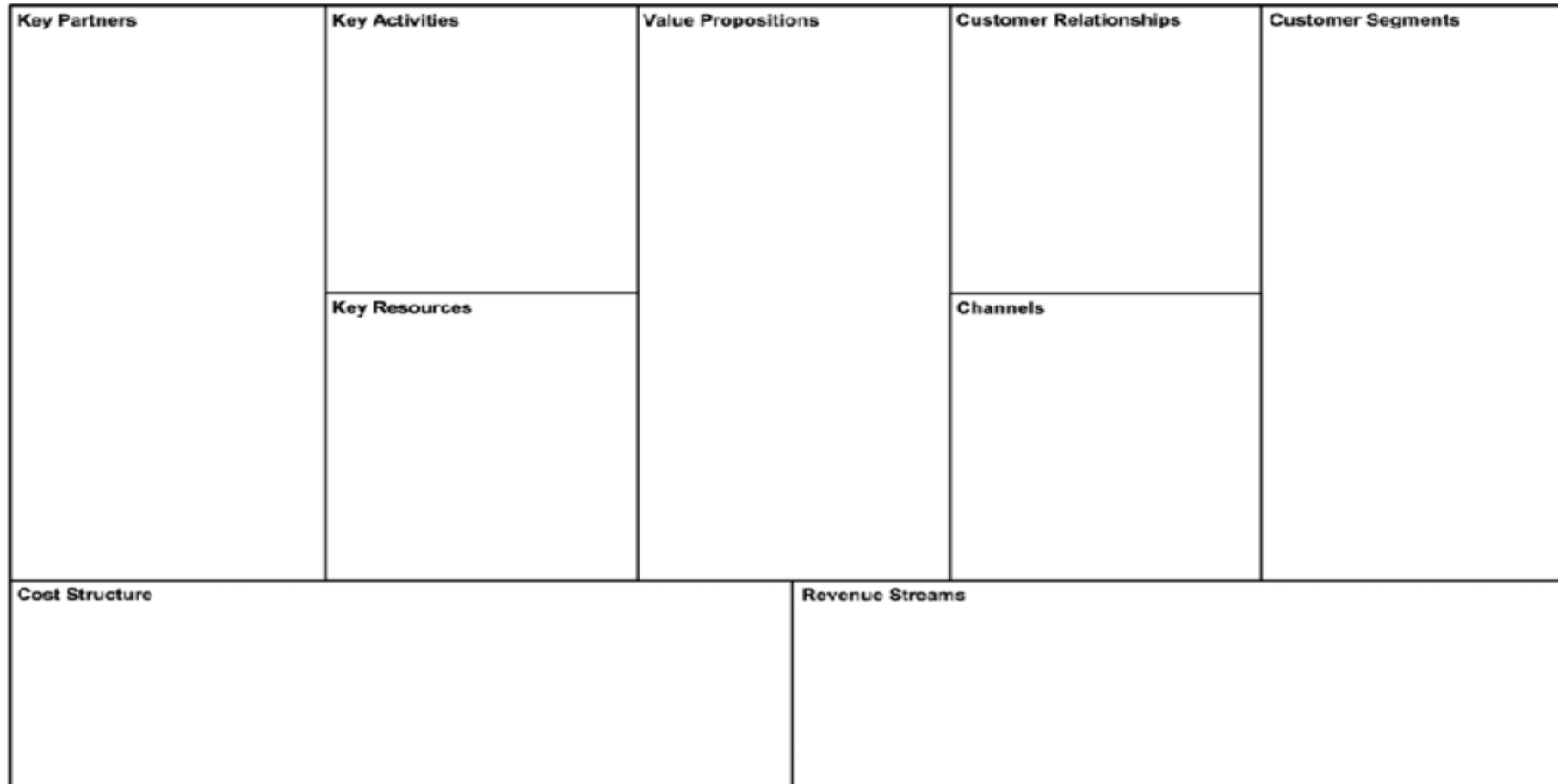
Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.”

(Osterwalder, Pigneur, & Tucci, 2010)











Business models and systems as a competitive advantage



Specifics of the CCIs and value generation

-  Based on are **based on cultural values or artistic and other individual or collective creative expressions**
-  Goods and services are created through individual creativity, skill and talent => reliance on **intangible assets**
-  **Uniqueness of the product** => depends on the individual perception
-  **Value generation** can be a **collective process** and partnerships play a vital role
-  Revenue is generated by **exploitation of intellectual property**
-  Consumption is active => **participation**





Business models in the CCSs and CCI

- Cinema
- Music Sector
- Museums/ Cultural Heritage Sector
- Cinema

Crowdfunding



- Music
- Design/Fashion
- Games / Software Development
- Architecture

Innovation labs, creative hubs, co-working spaces



- Music (Opera, Classic Concert, Popular music sector)

Streaming



- Publishing sector
- Music Sector
- Fine arts

Self-publishing, Printing on demand



- Print media/Publishing
- Fine arts
- Museums / Cultural heritage sector
- Performing arts
- Music

Gamification



- Print Media/ Publishing
- Cultural sector with educational entities/tasks (museums, libraries)

P2P



Main features of the business models in the CCSs/CCIs (2)

Start-up phase

- Many new BMs in CCSs start with a project approach. Typically, the following project starts upon completion of the ongoing project.

Product types

- Specific product types in the CCSs are prototypes, small series, one-offs, intangible products etc.

Financing

- The reality of new BMs in the CCSs is characterized by a hybridization of finance and mixing of income sources.

Main features of the business models in the CCSs/CCIs (2)

Working methods

- Diverse
- Higher cooperative methods of working, involving low-profile hierarchies and greater autonomy, such as group- und team-work

Cultural Intermediaries

- The meaning of cultural intermediaries is higher than in traditional BMs.

Copyrights

- Copyright licensing is part of the BM in many CCSs, particularly in media, music, and film industry



Specifics of the CCIs and value generation



- The business models in the CCIs refer to the process of creation and selling of *meaning* rather than efficient production of good or service that can solve a problem.
- The enterprises in the CCIs are not predominantly capital-intensive or knowledge-intensive, but symbol intensive.

(Lawrence & Phillips, 2002)



The “experience” economy

CCIs are associated with people’s increasing need for cultural identity and social empowerment, expressed in a symbolic form and communicated through the means of technology for gaining economic benefit from intellectual property, such as arts and crafts, fashion and design, advertising, architecture, film making, graphic and software design, music and performing arts, publishing, or traditional media.

(Cerneviciute & Strazdas, 2018)



The specific nature of management in creative industries

“Management is the art of getting things done through people.” Mary Parker Follet

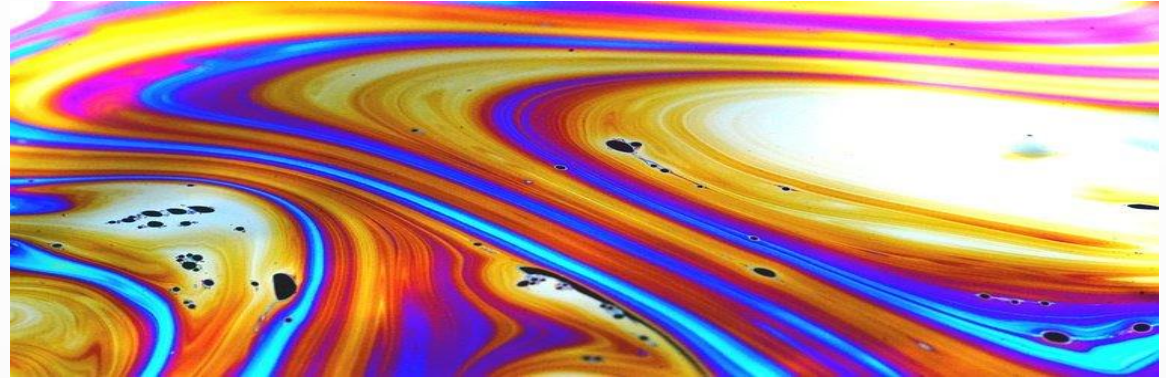
- **Managerial roles** - *integrating the three key roles – decisional, informational, and interpersonal*
- **What do managers do?**
 - *Decide on a schedule of activities for completing particular performance tasks*
 - *Prioritise and coordinate efficiently the organisation activities according to an existing plan*
 - *Identify and select the right people for the right job positions*
 - *Control information flow*
 - *Provide feedback and measure performance*





Managing creative teams

- Need for new and unique products
- Unpredictable demand
- Artistic nature of the products
- Self-managing staff (Berzins, 2012) in which team members see themselves as entrepreneurs and providers of intellectual work, holding the main responsibility for achieving organisational goals.
- Implementation of parallel functions related to the creation of a clear action plan before delegating tasks and balancing among the broad range of system elements, considering the importance of motivation and control at the same time.





What skills are needed to perform management functions?

Technical skills

Training and supervising staff members

Digital competence

People skills

Understanding people's needs

Effective communication

Conceptual skills

Attention to detail

Decision making



Important managerial skills in cultural and creative enterprises

- Communication skills and an advanced ability to persuade, motivate and lead creative people, who tend to be more sensitive, emotional, self-expressive and more independent
- Special ability to balance between the artistic character of authors and their products, and the commercial aspects of the creative process
- Excellent ability to manage diverse teams of people from a variety of specialisation backgrounds, businesses and cultures
- Outstanding ability to manage several projects at the same time
- Excellent ability to make quick decisions and accept criticism in a competitive business environment





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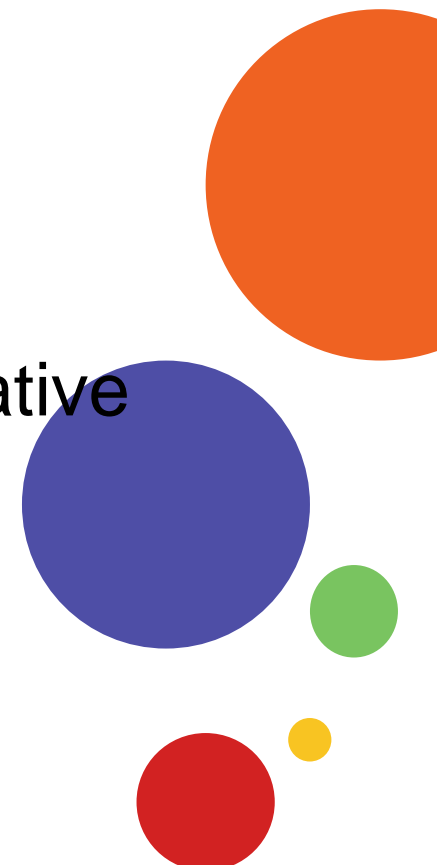


Dealing with change



The main threats:

- The global economic competition
- Deregulation
- Fast technological change
- The Covid-19 pandemic
- Constant tension around creative product demand
- Business failure
- Constant risk facing creative organisations





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Fear of the unknown and resistance to change

Team managers should bear in mind a number of reasons which can be in the roots of individual resistance to change:

- Degree of job satisfaction
- Perception of common goals and results
- Perception of potential risks
- Perception of impact on personal life
- Cultural differences in personal attitudes to change and uncertainty
- Fear of losing a job, income or personal security
- Personal biases and prejudices





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FENICE: Fostering Entrepreneurship and Innovation in Cultural and Creative Industries through Interdisciplinary Education is co-funded by the Erasmus+ Programme of the European Union.

The project is an initiative of 5 academic and research institutions:



www.fenice-project.eu

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