

TALENT IS NOT ENOUGH!

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I have been lucky enough to spend a lifetime working in creative businesses, partnering with and encouraging the development of musicians, film producers, theatre directors and media entrepreneurs. Like others, I have been gratified by the interest that government has shown in what are now rather grandly referred to as “the creative industries.” Everyone likes to be appreciated!

However, as will become brutally clear with the deepening of the current crisis, creative talent on its own is not enough to protect businesses or save jobs. Most of our creative businesses are both small and fragile. Many are insufficiently robust and will not survive the credit crunch – indeed, some of them would not survive even without the credit crunch!

We have therefore got to focus more rigorously on the “industry” bit of the equation. Above all we need to find ways of *developing sustainable investment* and *building business capacity* across the creative sector as a whole. Only when we have made significant progress against this agenda will we all benefit from the box office successes and technical skills of our writers, producers, directors, actors, composers, musicians, photographers, designers and software developers – successes that were so much in evidence at this year’s Oscars.

This will not be easy. We live in a society that, unlike the United States, does not really value the business side of creative and entertainment businesses. It would be sensible to try to rebuild an economy based on knowledge and creativity, rather than one based on property bubbles and credit default swaps, but the scale of this challenge is immense. Are we seriously up to it?

We need to begin by recognising some home truths. The global creative economy is intensely competitive. Creative talent is highly mobile. The Los Angeles TV and film industries are full of successful Brits. In the games industry Montreal is forging ahead, stimulated by aggressive fiscal incentives. China, Malaysia, Singapore, India and even Finland are getting in on the act. All in all it is hard to keep up with the number of countries that are actively seeking to develop a strategy for their “creative economies”.

In the digital age the relevant markets are increasingly international. Regrettably, over the last few decades, a lot of creative business leadership, ownership and control has migrated out of the UK. (How many British owned, truly global creative titans can you think of?) We need a policy strategy designed to reverse this process of decline.

The essential pre-conditions for success are in place. The UK punches above its weight internationally because of our talent, our creativity and our rich cultural traditions. Creative excellence on its own, however, does not guarantee commercial success, nor will it ensure that we remain economically competitive in global markets. Talent is not enough if we are to take back control!

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Let us be clear about objectives. My argument is that UK companies must begin again to retain the economic benefits that flow from the commercial exploitation of our creative talent. We have both the creative talent and the entrepreneurial talent, but we do not have the kind of supportive investment environment that would enable artists and entrepreneurs to come together more systematically to help build businesses. In short we do not have the right “knowledgeable” investment infrastructure to facilitate the building of creative enterprise capacity.

How do we develop such an infrastructure? This is of course the Holy Grail that all our competitors seek, but here are four vital keys to unlocking future success.

First, we can no longer depend upon the “the trade” to sustain historic levels of investment in new content, leaving aside the BBC, which is a special case. All private sector media-based industries are in painful transition and it will be some time before new business models and revenue streams substitute for the revenues “lost” from “old” business models.

An opportunity therefore exists to bring in new, independent sources of finance. We need to bring in new investors - investors smart enough to understand what is required to identify and support the cream of our talent through to creative *and* commercial success in “hit-driven” businesses.

Secondly, we need to build a public consensus in support of a copyright regime which commands respect on all sides, is fit for purpose in the digital age and is capable of being implemented vigorously. You cannot build creative *businesses*, and thus provide jobs for the host of other folk who work in ancillary occupations, unless the intellectual property created by artists, writers and composers is capable of being commercially exploited for a profit that is then reinvested for future growth.

Thirdly, we need to broaden the working definition of what we mean by “investing in talent”. The work of the Creative and Cultural Skills Council is vital, and creative apprenticeships are a welcome new feature of the landscape. But we also need to find new ways of getting *business talent* and *creative talent* working together to learn how to build the creative businesses of the future. The fact that the excellent Centre for Creative Business (CCB) in London has experienced such acute funding problems is not encouraging.

Finally, we need to explore new forms of public-private partnership in the interests of leveraging the strengths of the private sector and getting better value for taxpayers' funds. Too much government funding goes into "soft" money projects that never gain commercial traction. Grants are not a good use of taxpayers' money, every pound of which is worth double in times of economic crisis. Better by far to use taxpayers' money to provide new forms of fiscal incentive, perhaps based on Enterprise Capital Funds or Venture Capital Trusts (VCTs), to stimulate investment.

The alternative prospectus is for a continuing and perhaps deepening reliance on foreign-owned entertainment giants, and a continuing exodus of talent from the UK. I do not want to see us reduced to acting as off-shore facilities managers for non-British global conglomerates. We should aim higher than that!

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