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The question here is how to accelerate the positive spill-over effects that culture and the creative industries can produce on the wider economy and society’ (European Commission, Green Paper, Unlocking the potential of the cultural and creative industries)

2.0 Introduction
This short study on global best practices in ‘cross innovation’ has been prepared by Belgrave & Co, a London-based consultancy working on innovation assignments for creative businesses, universities and public sector clients. Its objective is to provide background information and stimulus material on cross innovation to support the launch of the Interreg 1VC Cross Innovation Partnership, a 2-year programme funded by the European Commission to promote the value of cross-sector innovation in European cities and regions. This short study was published in August 2012 with interim results presented at the launch of the programme in July 2012.

3.0 Background
The Interreg 1VC Cross Innovation Partnership runs from 2012 to December 2014. The objective is to identify and share good practices in policy in cross innovation – how the creative industries work with other growth sectors to support innovation in the 11 participating EU cities. The total project value is c €2.5m. Partner cities are: Amsterdam, Berlin, Birmingham, Stockholm, Linz, Plzen, Vilnius, Warsaw, Rome, Tallinn and Lisbon.

The project will consider 4 key policy themes:

» Smart financial incentives – innovative types of finance that enable collaborative and user-driven innovation to happen across sectors

» Brokerage services – services that build bridges between sectors and disciplines

» Spaces – physical locations that enable cross innovation to happen such as co-working spaces, incubators, hubs and local clusters

» Culture-based innovation – schemes that unleash innovation in business and the public sector by introducing artistic and creative work practices

Over the project lifecycle the Cross Innovation Partnership will deliver a range of work packages including:
4.0 Research objectives

The study considers what is happening globally in the area of cross innovation in the four policy themes and provides a summary of best practice. The aim is to inform the project of the latest trends, get participating cities on the ‘same page’ and inspire them to think about the potential impact of cross innovation. Partner cities were awarded funding because they already have examples of cross innovation and are keen to see how working together can further develop them.

Key research objectives are:

» Develop our understanding of cross innovation

» Consider the key challenges of the growth sectors and the innovative potential of the creative economy

» Identify 4 global case studies that demonstrate cross innovation in practice

» Identify key challenges/barriers to implementation

» Recommendations for policy makers

5.0 Approach

While the literature on both the creative economy and innovation is extensive, the volume of work is much less when it comes to cross innovation. The term is not widely used so case studies are documented using a variety of different terminology, and they originate from a multitude of different sources. For these reasons our approach has been threefold. Firstly, telephone interviews with key project participants across the 11 cities were carried to build our understanding of cross innovation. Secondly, a
literature review of related academic texts, policy papers and reports was conducted to provide theoretical underpinning. And finally, examples of case studies were identified via desk research and a networked approach utilising contacts across academia, industry, government and the public sector to signpost us to good examples of cross innovation.

6.0 Report structure
This report is divided into 4 sections. Utilising responses from the telephone interviews we begin by exploring the key question: what is cross innovation? We then look at the challenges facing the growth sectors, juxtapose this with the innovative capacity of the creative economy and make the case for greater cross sector collaboration to boost innovation. We then highlight the impact of cross innovation at a global level via 4 inspirational case studies – TED (Brokerage), Kickstarter (Finance), FabLabs (Space) and Space-Makers (Culture-led innovation). We conclude with some guidance notes for policy makers keen to stimulate greater cross sector collaboration in their respective cities.

7.0 What is cross innovation?
It is important to stress there is no definition of cross innovation and as a new area of activity it is open to a variety of different interpretations. The telephone survey was designed to canvas the views of programme participants, explore the parameters of cross innovation and help build our understanding in this emerging area. The discussion below summarises key insights from the interviews.

A common response was to define cross innovation in terms of collaborations that cross sector boundaries – novel partnerships that bring the creative industries and the traditional sectors together to form new insights that would not have otherwise been generated. Here diverse sectors are seen to come together to inspire each other, share knowledge and find creative solutions to key innovation challenges, be they economic or social.
**Examples of cross innovation**

When asked to give examples of cross innovation respondents gave a wide range of answers, reflecting the breath of the subject area. Examples included computer games companies collaborating with health providers, design firms reimagining our public services, universities offering multi-disciplinary courses and government-funded initiatives that connect the arts with technology and business. It was clear from the examples provided that an ethos of cross innovation can be found everywhere, and that it takes many forms. Despite these differences, underpinning all the examples is a shared belief that knowledge spillovers across industrial sectors have the potential to be more important sources of innovation and growth than transfers within sectors.

**What’s the need?**

Respondents highlighted the need to counter silo thinking in industry (and government) and for greater creativity and openness if we are to find solutions to the complex challenges we face – from our failed banking systems and sustainability to social issues like obesity and public health provision. These are intractable, system-wide issues that require joined-up strategies if we are to identify sustainable solutions. Extending the above, many referred to the need to adopt a more holistic and inclusive approach to problem solving. For example, innovative solutions to our aging populations need to build on input from multiple stakeholders – patients, support groups, service providers, industry and local and national government. Here cross innovation spans the public/private divide and works at many levels engaging individuals, communities, SMEs, universities, governments/third sector, and big business.

**What might it deliver?**

Respondents were positive about the potential benefits of cross innovation and although able to cite anecdotal examples most acknowledged there is a lack of evidence about the impact of cross innovation. However, the ‘open innovation’ and ‘design thinking’ discourses were seen to support the basic principles of cross innovation and where helping to shift perceptions in mainstream thinking. Some viewed cross innovation in terms of economic outcomes whereas other chose to focus on social outcomes. In terms of the former, it was felt cross innovation had the potential to disrupt existing markets and lead to the introduction of new products and services,
providing a valuable channel for innovation and growth. Extending this idea, it was suggested cross innovation was more likely to lead to radical innovation – a step change in thinking, as opposed to incremental innovation – the extension of an existing idea. Others highlighted the opportunity to use the inventiveness of the creative industries to unleash new ideas into traditional sectors, providing a much-needed boost to levels of competitiveness. Where respondents highlighted social outcomes the main focus was the potential to bridge the gap between government and citizens and engage communities in meaningful ways in finding solutions to ingrained problems in our communities.

**Why not happening?**

Respondents recognised a myriad of challenges - from entrenched cultural and language barriers between the disciplines to practical issues such as a lack of contact, proximity and opportunities to work together. It was acknowledged that not everyone wants to work in mixed teams and that it requires the ability to step outside domain expertise, appreciate the role of other disciplines and to develop new skills such as teamwork, empathy, listening and communication skills. Barriers were identified at a city, national and transnational level and it was suggested member states could learn how to tackle these issues from partner cities and key learning from the programme.

**How to achieve cross innovation?**

Respondents were interested in what can be done to orchestrate cross innovation in their cities. A number talked about the need for government-funded programmes to catalyse cross sector collaborations – possibly along the challenge/prize-based model championed by development agencies such as the Technology Strategy Board in the UK. Programmes that provide incentives for traditional businesses to experiment with creatives would provide a platform to promote cross innovation within partner cities, develop networks of supporters and generate local case studies to support advocacy work. Others were focused on the need to identify ‘intermediaries’ – heavily networked individuals that understand the language of business and creativity who can identify opportunity areas, broker partnerships and manage knowledge diffusions. Building on this idea was the perceived need for physical spaces that provide a focal point to break down the barriers between the creative and technological/business communities and foster the cross fertilisation of ideas.
The discussion above chimes well with the 4 policy themes of the Cross Innovation Partnership – brokerage, smart financial incentives, spaces and showcasing via culture-led programmes.

8.0 The case for the creative economy

Having looked at emerging definitions of cross innovation we move on to consider the challenges facing the growth sectors and the added-value the creative industries can bring to the innovation process. This is essential if we are to make the case for more cross innovation.

Challenges for growth sectors

The rapid rollout of new technologies, shifting consumer behaviour and global competition has created a hugely challenging business environment – one in which the need for innovation is now a pre-requisite. A fact evidenced by a recent survey that concluded “top innovators generate 75% of their revenue from products and services not in existence 5 years ago”.

Once stable, mature markets are being disrupted on a daily basis by new business models that leverage digital technologies and the Internet in response to consumer demands for new and enriching ‘experiences’. This shift away from traditional manufacturing towards services has seen the factory floor replaced by knowledge-intensive economies where the raw materials are ideas. Furthermore, innovation is increasingly understood in a broad context mixing technical innovation with non-technical innovation, as organisations look to innovate beyond the walls of their R&D department via collaborations with suppliers, partners and end-users.

Case for the creative economy

In this context, Europe’s future competitiveness is dependent on establishing the right conditions for creativity, experimentation and entrepreneurship. But what role can the creative industries play in response to these challenges? How can their innovative ability be harnessed as a trigger for economic growth and jobs?
Recent reports indicate the creative industries play a far greater role in innovation than has previously been recognised. Where once the creative industries were heralded for regenerating post-industrial cities they are now viewed as a dynamic economic sector in their own right, and one that plays an increasingly important role in regional and national innovation eco-systems.

**Dynamic sector**

The growth of the creative industries has been acknowledged by a wide range of European Commission initiatives. This dynamism is represented by compelling statistical data. In 2008 the sector accounted for 5% of Europe’s workforce, representing 4.5% of total GDP. In 2007 the creative industries were the 4th largest sector in the European economy, and between 2000-2005 the sector grow by 11%. This potential for growth, even in times of a crisis, is a key characteristic of the sector. Given Europe’s cultural diversity, and the inextricable link between culture and creativity, the creative industries also represent a great asset and source of global competitive advantage. This is demonstrated by the fact that 8 of 10 leading cultural exporters in 2005 were European countries.

**Innovation spillovers**

While their role in innovation systems is more complex, and therefore more difficult to measure, it is no less significant and can be evidence in the following ways.

**Entrepreneurial culture**

The creative sector is dominated by SMEs and micro-businesses. Due to their size they are flexible, adaptable, and close to customers and markets. Many are risk takers and often lead-users when it comes to experimenting with new digital technologies. Iterative design methods employed by creative firms and a fail-early/prototype approach makes them ideal innovation partners for more traditional businesses, and helps to create an innovation friendly environment.

**Growth, demand and branded ‘experiences’**

By providing content they fuel growth in other parts of the economy, such as digital devices and telecoms. Constantly pushing the boundaries of technology the creative industries spur adoptions and advances that would happen less slowly without their
input. Bringing together cultural trends, digital technology and consumer needs the creative industries are also well placed to shape and amplify new trends and create new ‘experience-led’ markets.

**Creative professional services and ‘nudging’ innovation**

Looking at the inter-relationships between the creative industries and the wider economy, a study by the UK-based innovation agency NESTA found that UK businesses that were disproportionately high users of creative services were 25% more likely to introduce a product innovation into the marketplace. Furthermore, there is evidence to suggest that when traditional businesses engage with a creative firm, and experience creative innovation processes, there is a knock-on effect and the business goes on to adopt new innovative practices and overcome behavioural failures such as risk aversion. All industry sectors can benefit from creative industries inputs – ICT, textiles, materials, marketing, communications, manufacturing, construction, tourism, public sector, etc. The provision of creative/innovation services – from ideation and user-research to prototyping product/service offerings and branding – can be seen as the sectors biggest support to innovation in the mainstream economy. The rise in design thinking has also seen designers engaged at director level to develop corporate R&D and innovation strategies – from large corporates to SMEs.

As underlined above, the innovative capabilities of the creative industries is difficult to evaluate with traditional measure given their complex and intangible nature. However, focused efforts to fully understand the strategic importance of the creative industries support calls for greater collaboration across sectors and provides important theoretical underpinning in support of cross innovation.

### 9.0 Global case studies

A research objective was to identify 4 case studies, one for each of the policy themes, which demonstrate the potential impact of cross innovation on a global level. As new territory the case studies featured below can offer insights into how this area could develop over the next 3-5 years. The Partnership needs to consider these in terms of their local activities and subsequent policy recommendations. The cases have been selected based on desk research and conversations across a wide range of sectors.
Despite exhibiting elements of all of the themes it was felt they all had one that was fundamental to their success.

**Spaces: FabLabs**
A global network of prototyping Labs open to anyone – kids, students, community groups and businesses – giving everyone the capability to turn their ideas and concepts into reality. Started in the late 90s by Neil Gershenfeld, Director of MIT’s Center for Bits and Atoms, there are now 50 FabLabs in over 20 countries – from the United States to Afghanistan. The concept grew from a bottom-up approach and a desire to empower communities at grass roots level by providing them with free access to state of the art technology.

In addition to providing a physical space for people and ideas to come together the FabLabs also provide formal support in the form of workshops, training, mentoring and advice services. They adopt a very practical ethos with an expectation that anyone using the lab will document and share their learning across the FabLab network. This is evidenced by the FabLab Charter, guiding principles for the global network around the core mission - access, education, responsibility, and an open and collaborative approach to invention.
Activities in FabLabs include hands on practical projects, housing initiatives, research projects, skills training, entrepreneurship and technological empowerment. Examples of outputs include solar and wind-powered turbines in Norway, free community FabWi wireless networks requiring no maintenance in Afghanistan, back to work programmes across America and simple computers that use TV screens in South Africa that cost $10.

Drawing on the earlier discussion about cross innovation FabLabs facilitate cross sector collaborations and knowledge flows on a mass scale, resulting in thousands of commercial and social outcomes a year. They adopt a holistic approach to problem solving that is inclusive, and leads to sustainable, locally based solutions. There is a FabLab in one of the Partnership cities (Amsterdam) and programme participants are encouraged to learn from this example in terms of their own context.

**Smart Finance – Kickstarter**

Kickstarter is the largest crowdfunding platform for creative projects in the world. Launched in 2008, it has raised over 250 million dollars for 66,000 projects from the worlds of music, film, art, technology, design, food, publishing and other creative fields. It was conceived to offer a space to explore ideas and mitigate the risks associated with creative endeavours.

Photo: business financial post
By utilising the power of the Internet to align huge numbers of people with similar interests Kickstarter enables creative entrepreneurs to post projects onto their website for fans to endorse and back with small amounts of funding. This ‘straight to fan’ model enables entrepreneurs to get feedback on their ideas, raise finance and build an audience and a market for their work. By employing an ‘all or nothing’ policy only those projects that meet their fundraising target are successful. This helps maintain quality and prevents creators overstRETching and tying to deliver a project on less money. Kickstarter claims no ownership of projects but takes a 5% commission on all successful projects.

In less than 4 years Kickstarter has created a new economic model for creative entrepreneurs to realise their project ideas – both commercial and non-commercial. While there are a small number of high profile projects that have raised more than $1m, the average project is $10,000. By enabling ideas to be co-created based on end-user feedback and participation and by works across sectors it has the potential to disrupt markets.

**TED – Brokerage**

Originally conceived as a conference bringing together people from 3 worlds, technology, entertainment and design, TED has grown into a global not-for-profit devoted to spreading ‘ideas worth sharing’.

Photo: Maurice Mikkers
At the heart of TED are two annual conferences that bring together 1,000 delegates from the areas of science, business and the arts to hear over 50 high profile thinkers and doers talk for exactly 18 minutes about an idea they believe could change the world. While the events are exclusive, the aim is to create a clearinghouse of ideas that can be used to sharing knowledge, make connections and inspire people into action.

TED.com was launched in 2006 to offer the best conference talks available to the world for free. Over 1000 talks have been posted on the site so far and as of June 2011 the global viewing figure is a staggering 300 million.

Other initiatives include the TED Prize (a $1million prize granted to an inspiring individual who has an idea to catalyse change) and the TED Fellows (innovators working to amplify the projects that emerge from the TED community). In addition the TEDx programme gives communities the opportunity to nurture global ideas at a local level through a TED-like experience. The TED Open Translation Project is also bringing TEDTalks beyond the English-speaking world.

With a huge reach and global brand TED can be seen as the ultimate ‘broker’ of new ideas and thinking – acting as a translator between disciplines and cultures, spotting opportunities, seeding ideas, and galvanising people to come together and make great things happen. Above all they adhere to the belief that knowledge transfers across disciplines are where true innovation takes place.
Space Makers – Culture-led innovation

Space Makers is an agency working to create local spaces where people want to live and work. With a practical, results-orientated approach, they are led by artists and deliver projects via a network of consultants with diverse backgrounds spanning the arts, architecture, theatre, photography, community engagement, social enterprise and technology. Inspired by pop-up culture their focus is on how the transformative energy of culture-based activities can be used to regenerate spaces and lead to sustained economic development.

![Photo: Tjarda de Haan](image)

The impact of their work can be best illustrated by a flagship project in Brixton, South London. Following an introduction by the local council, Space Makers began working with the owners of a 1930s in-door market that had fallen on hard times. More than 20 shops stood empty, trade and visitor numbers were down, and crime in the market was rising. With consent from the landlords, Space Makers put out an open call for ideas offering shops for up to 3 months rent free to temporary creative and community projects and new local business start-ups with an ambition to become long-term tenants. 350 people attended exploration events to shared their ideas, 98 people entered the competition, and 20 entries were awarded a place on the scheme. After a 6-month programme of cultural activities to increase footfall and a savvy social media
campaign a year on all 20 of the original empty shops are let long-term and the area has been completely transformed, winning accolades across London and the press.

Space Makers approach demonstrates that the artist can be the facilitator of social innovation and that artistic approaches to engagement can be more impactful than traditional methods. Their highly collaborative model of social enterprise mobilised community groups, artists, the council and local business behind a clear vision and illustrates how cross sector thinking can result in new thinking and ideas. With 3 of the new shops being arts-based organisations they have ensured the cultural activity that drew people back to the market will continue, enabling Space Makers to exit and hand over their duties to local organisations.

10.0 Conclusions & policy guidance
Europe has a wealth of creative capabilities and mobilising this underutilised resource to stimulate growth and innovation is a key to future success. Cross innovation offers a potential new model to solve complex innovation challenges, stimulate growth and boost competitiveness.

As an emerging practice, the Cross Innovation Partnership has the opportunity to play a pivotal role in defining this space. The proposed activities including a knowledge-bank of pan-European case studies, study visits and policy clinics will help to address the issue of a lack of evidence and provide a platform for future advocacy work.

During the course of the programme participating cities will be looking to initiate policies and programmes to stimulate cross innovation in their respective cities. Based on the finding of this short study we offer the following guidance:

» The above discussion on ‘what is cross innovation’ can be used to help frame a local interpretation of cross innovation. This will vary from city to city, and the form it takes will depend on who is involved, how they choose to collaborate, and the outcomes they work towards.
» The 4 policy themes – brokerage, smart finance, spaces, and culture-led programmes provide a useful framework for thinking about possible policy interventions. In many instances elements of all 4 are needed.

» It is important to define and map the growth sectors and the key strengths of the creative industries in order to identify key challenges and areas for collaboration. Evidence-based policy making is a priority.

» Cross sector collaboration is most likely happening organically in some shape or form across the city. It is important to identify these pockets of best practice and build from them.

» Physical location can often be a major barrier to collaboration. Where are sectors located? What are the opportunities for interaction? How often does this happen? And at what scale?

» Strategies that look to stimulate debate, inspire interactions, and encourage sectors to make connections are all useful bottom-up approach that can be employed. The objective should be to catalyse rather than control.

» And finally, a number of cities have chosen to develop government-funded programmes to build bridges between traditional sectors and the creative industries. These are an important policy tool and should be designed to align with local economic development plans.
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