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# Innovation vouchers for creative industries from a comparative perspective

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Volante is a research-based consultancy whose goal is to contribute to a wiser and more enjoyable world to live in. We do that by developing, collecting and sharing knowledge.

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## Executive summary

Creative Capital Conference (C2C), a research project under the transnational directive of the region of Brandenburg, has assigned Volante Research with the task of doing a comparative study of a number of European innovation voucher schemes targeted at supporting creative industries on the one hand and innovation in other sectors through the creative industries on the other. The aim of the study is to evaluate whether these innovation voucher schemes are the best option to trigger innovation and whether companies from other business sectors should receive vouchers to increase the demand for creative services.

Key points of the study:

- a focal starting-point when setting up an innovation voucher scheme is to reflect upon what kind of innovation the scheme should promote, and also, what is intended with the term ‘innovation’, i.e. what shall be deemed innovative within the framework of the scheme. Some schemes apply the logic of ‘what the company says is innovative for them is innovative’ while others apply a more traditional interpretation.
- the monetary amount of the voucher varies substantially between the schemes (from 1,120 to 200,000 EUR), therefore there has to be an openness in terms of expectations on the level of innovation and effects on business development and turnover. Of course, this may not be true in all cases, but is nevertheless quite likely.
- if engaging an external assessment panel in the evaluation and selection of successful candidates, it has proven important to select the panel members with the utmost care. The panel needs a thorough understanding of the creative industries; of the individual and of the business case.
- half of the schemes studied are targeted at stimulating innovation in other sectors by the use of creative services and the other half at stimulating innovation within the creative industries. Both approaches have proven successful in relation to the goals that were set up for the respective schemes. However, it seems that the former opens up new markets to a greater extent for the creative companies.
- the majority of schemes studied have not existed long enough in order to evaluate the long-term effects. Some of the evaluations do however tend to indicate that the companies involved believe that the innovation voucher will have a positive effect on business development and turnover.
- innovation voucher schemes to support innovation within creative industries can be expected to have effects on mass-produced and scalable products such as films, designer items, books and on live-based products such as festivals and theatre productions. Effects in terms of value-enhancing input in other industries, also referred to as spill-over effects, could also potentially occur. Increased professionalization and product/service/process innovation and/or development are possible results.
- innovation voucher schemes to support innovation in the wider economy through the inclusion of creative services mainly result in spill-over effects in companies outside the creative industries who are making use of creative services. New ways of thinking, new ways of solving challenges and new kinds of collaborations are possible results.

## Introduction

In business support departments, vouchers are a popular instrument of business support. Are they also the right option to trigger innovation in the creative industries? Should companies from other business sectors receive vouchers in order to increase the demand for creative services?

The purpose of this study is to conduct a comparative study of:

A. Innovation voucher schemes to support innovation within creative industries

B. Innovation voucher schemes to support innovation in the wider economy through the inclusion of creative services

Table 1: Innovation voucher schemes to support innovation within creative industries

Country	Innovation voucher scheme
Sweden	Pilotprogrammet för utvecklingscheckar för kulturella och kreativa näringar
Germany	Innovationsgutschein C, Baden Württemberg
Austria	aws impulse XS and aws impulse XL

Table 2: Innovation voucher schemes to support innovation in the wider economy through the inclusion of creative services

Country	Innovation voucher scheme
Denmark	Vækstpulje
Austria	aws Kreativwirtschaftscheck
United Kingdom	NESTA Creative Credits

## Methodological approach

Primary as well as secondary research form the basis of this report.

### Primary research

Interviews with representatives from the three innovation voucher schemes in Austria and Germany. Interviewees were selected based on recommendations from Josephine Hage at Creative Capital Conference. In the case of the recommended person not being available or not deeming her-/himself to be the right person to speak to, interviews were conducted with the person they suggested. All three interviewees were given the opportunity to proof-read the written summary of the interview. In addition to this, web-based information about the schemes was collected.

### Secondary research

Desk research into evaluations of and web-based information about the innovation voucher schemes in Denmark, Sweden and the UK. Some complementary information was collected by e-mail.

Table 3: Type of research available per voucher scheme

Country	Innovation voucher scheme	Type of research
Sweden	Pilotprogrammet för utvecklingscheckar för kulturella och kreativa näringar	Secondary
Germany	Innovationsgutschein C, Baden Württemberg	Primary
Austria	aws impulse XS and aws impulse XL	Primary
Denmark	Vækstpulje	Secondary
Austria	aws Kreativwirtschaftscheck	Primary
United Kingdom	NESTA Creative Credits	Secondary

### Analysis

The analysis covers two main perspectives:

- advantages and disadvantages of the six individual innovation voucher schemes
- effects of the two categories of innovation voucher schemes (to support innovation within the creative industries and to support innovation in the wider economy through the inclusion of creative services)

The first perspective is included in the chapter "Summary of empirical data", where each of the six schemes is also described in detail.

The second perspective concludes the report and is summarized in table format with comments.

## Background

### Why innovation voucher schemes?

Creative services, products and processes are intellectual, making them difficult or even impossible to store. They are often tailor-made to customers, who are also engaged in the development and production process. This poses a number of challenges connected to attracting external financing:

- collateral is often more limited than in manufacturing companies, which implies higher risk-taking for banks
- the vast majority of assets are in the form of human capital
- banks have limited experience in evaluating businesses and thus have difficulties in estimating the company's market potential.<sup>1</sup>

These companies are often in need of smaller sums of financing which means that the credits are also relatively more expensive to issue to them than to manufacturing companies.

In light of this, several countries have implemented pilot innovation voucher schemes to enable innovation and business development in these kinds of companies.

### Reflections on innovation

When approaching the area of innovation support, it is important to bear in mind that the term 'innovation' has different meanings to different people. The number of definitions are numerous and it is not our task in this report to present a definition.

The voucher schemes studied approach innovation in different ways. *NESTA Creative Credits (UK)* asked their respondents in an evaluation about the term innovation. The answers were grouped into four categories: innovation as a state of mind; innovation as a process; innovation as an outcome; and innovation as competitiveness in the market. Creative services focused more on process and the Small- and Medium-sized Enterprises (SMEs)<sup>2</sup> that were awarded credits focused more on outcome. However, both categories thought of innovation as "a state of mind" and "competitiveness in the market". Within the framework of the *aws impulse XS and XL (AU)*, innovation is viewed from the perspective of what an individual company says is innovative.

Having said this, we should bear in mind that innovation within the creative industries, or in other industries as a result of spill-over effects, may be something very different from innovation in a more traditional context (e.g. technological). Furthermore, research shows that companies that have stronger connections to the creative industries, i.e. buy more products and services from these industries, also have stronger innovation capacity.<sup>3</sup>

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<sup>1</sup> Ramböll (2013) Pilotprogrammet för utvecklingscheckar inom hälsa, vård och omsorg samt kulturella och kreativa näringar, Slututvärdering

<sup>2</sup> SMEs according to the European Commission's definition 2003/361 from 6 May 2003

<sup>3</sup> Nesta (2008), p 5. The results are based on a survey of 1,600 companies across all industries.

### Reflections on creative industries

The creative industries encompass a number of different sectors and in each of these, the business models differ profoundly. According to Nielsen (2008), businesses can be divided into three categories on the basis of the type of business model:

- **mass-produced and scalable products** are characterized by scalability and based on 'industrial' type business models. The experience is packaged (stored, styled, designed etc.) and occurs in a different location to the one it is produced in. They can be either media-dependent (e.g. films, TV productions) or in the form of physical goods (e.g. designer clothing and furniture) and are normally capital- and technology-intensive. The business models include the possibility to leverage on mass production.
- **live-based products** are service-based and characterized by a direct, jointly creative encounter with the consumer. They normally are more personnel-intensive than the industries focused on mass-production and scalability. Division of businesses can be done according to their having or not having premises. Those without premises often form around short-term projects (events) with temporary staff for the occasion. Those with premises have more permanent operations, e.g. a theatre company or a theme park. The experience occurs in the encounter between the producer and consumer.
- **value-enhancing inputs** are characterized by the experience being a good or service intended to increase the value of another product, e.g. market communications, architecture and industrial design. From a national point of view, these industries are important because of the aspect of the value added for production in other industries and not primarily in terms of job creation.<sup>4</sup>

Dividing companies within the creative industries in this way shows that different players in different creative industries can be linked to each other based on their respective business models and not only with other actors within their own industry. We will come back to this framework later on in the report.

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<sup>4</sup> *The ERIBA Model*, Nielsen (2008)



## Summary of empirical data

Each of the six schemes are explained in this section. The first part deals with the voucher schemes targeted at supporting innovation within creative industries, the second part with the voucher schemes targeted at supporting innovation in the wider economy through the inclusion of creative services.

### Innovation voucher schemes to support innovation within creative industries

#### **Sweden: Pilotprogrammet för utvecklingscheckar för kulturella och kreativa näringar**

In 2011, the Swedish Agency for Economic and Regional Growth (Tillväxtverket, referred to as SAERG) was tasked by the Ministry of Enterprise, Energy and Communications to set up a pilot voucher scheme targeted at SMEs in the creative industries. The first phase of the project ran from October 2011 to June 2012 and had a budget of 672,200 EUR. Over 70 projects have received funding from the scheme.

There were two types of vouchers:

- large vouchers for financing of external development costs connected to new or existing processes, services or products (consulting services, training, project employments, prototypes, design, market research etc.)
- small vouchers for business development or innovation projects, e.g. in the form of a feasibility study.

Table 4: The voucher scheme in summary

	Large voucher	Small voucher
Size (EUR)	5,600 - 39,210 EUR Own financial contribution of a minimum of 30% of eligible costs in cash required.	1,120 - 2,800 EUR No own financial contribution required.
Industry	Creative industries	Creative industries
Target group	SMEs	1-50 employees
Total no of grants	81% of vouchers	19% of vouchers
No of applicants	50	80
No of accepted applicants	25	49
Geographical coverage	Regional*	Regional*

\* three regions were selected for the pilot: Västra Götaland, Värmland and Stockholm-Sörmland-Gotland

### *Objective*

To contribute to reinforced competitiveness among SMEs in the creative industries.

### *Target group*

SMEs in the creative industries.<sup>5</sup> A few of the projects were from the tourism sector.

### *Application criteria and application process*

One important criteria was that the projects had to lie outside the day-to-day activity of the company and be of strategic importance. In addition to this, the company had to be active or aiming to be active within the creative industries.

Applications were submitted on the regional level, to one of the three regional counterparts (county administrations). The regional partnerships consisted of organizations in the field of regional, economic, business and product development and their task was to spread information about the voucher scheme, support companies in the application process and select and recommend projects for funding to SAERG, who then made the final decisions on an ongoing basis and communicated decisions via e-mail.

### *Scheme management*

The voucher scheme was managed by SAERG on the national level and by the county administration in each of the three involved regions. At SAERG, the intention was that one person would work full-time with the management of the scheme, however due to high employee turnover at the department responsible for creative industries, several persons were involved in preparations and management. Due to this, only a limited knowledge base has been built up. However, valuable knowledge about e.g. scheme management and design has been acquired at the regional organizations.

### *Support for innovation*

To what extent the voucher scheme contributed to innovation is not mentioned in the evaluation. It states that the vouchers to a very large extent have been used for market development activities, e.g. marketing activities, however whether these have had a certain degree of innovation cannot be ascertained from the evaluation.

### *Effects on business development and competitiveness*

The evaluation of the scheme states that the vouchers have contributed positively to the development of the companies and that this has created conditions for long-lasting effects on competitiveness and turnover.

The recipients of the large voucher deemed it to be of slightly less importance for the future success of their company than the recipients of the small voucher. The expected effects in the short term were development of product/service and improved marketing and marketing analysis. Improved cooperation and internal competence development were also mentioned. The expected effects in the long term were increased/improved offering and a larger customer base.

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<sup>5</sup> Most of the recipients were in the media industry (33%).

Concerning the small voucher, the short-term effects were improved marketing, improved business competence, product/service development, more marketing and improved competence. In the long term, the expected effects were a larger customer base, improvement of the company's offering and a higher level of professionalism in running the business.

The evaluation also shows that as many as 45% of voucher recipients deem other forms of support to be of greater importance for their company. Alternative forms of support that were mentioned were: coaching or mentorship, networking support, marketing support and business training.

*Advantages and disadvantages*

Advantages	Disadvantages
Outreach; vouchers were distributed to a heterogeneous target group.	Lack of continuity in scheme management > negative for knowledge development of the program as a whole
Comments	
<p>Improve understanding of the differences and similarities between the different creative industries.</p> <p>Creative industries support schemes can be better linked to the initiatives of other organizations funding projects within the creative industries.</p> <p>The innovation voucher scheme can be complemented with coaching and mentoring, networking and marketing support.</p> <p>Continuity in scheme management can be improved.</p>	

### **Germany: Innovationsgutschein C, Baden Württemberg**

Innovationsgutschein C (IGC) was initiated in 2013 as a complement to the already existing Innovationsgutschein A (IGA) and B (IGB), that did not apply to companies in the cultural and creative industries<sup>6</sup> since innovation development takes place internally.

Funding goes to introductory marketing activities (Erstvermarktung) of new, creative products and services, e.g. trade fair participation, preparation and production of marketing material as well as catalogues and instruction manuals and fees for trademark protection.

The IGC has funding to run until 2016.

Table 5: The voucher scheme in summary

Size (eur)	Up to 5,000 EUR per voucher, 50% monetary co-funding
Industry	Creative industries
Target group	SMEs with headquarters in Baden Württemberg
Total no of grants	100 (total budget 500,000 EUR)
No of applicants	176
No of accepted applicants	73
Geographical coverage	Regional

#### *Objective*

To facilitate market introduction of new products and services from companies in the creative sector and, as a consequence, to have a positive impact on business development.

#### *Target group*

Start-ups and SMEs with up to nine employees and a turnover of max 2 million EUR. The headquarters had to be located in Baden Württemberg (vouchers can however be used for international activities, e.g. trade fairs).

Most voucher applicants came from the design industry, the second biggest industry was games, then film, then music. The smallest number of applications came from the radio broadcasting industry. The voucher scheme is deemed to correspond very well to the needs of the intended target group. It also complements the IGB that can be used for buying services from creative companies, e.g. design studio and prototyping services.

### *Application criteria and application process*

The application criteria of the IGC are:

- SME with up to nine employees
- max 2 million EUR in turnover
- headquarters in Baden-Württemberg
- active in the creative industries

Of particular interest are applications from female entrepreneurs and freelancers.

The service providers and/or trade fairs, exhibitions etc. have to be specified when filing the application.

Applications for the IGC can be submitted online on an ongoing basis.<sup>7</sup> Applications are scrutinized to ensure they comply with the formal criteria and then passed on to the innovation committee that is responsible for evaluating the content of the applications. The committee consists of one person from the Design Center Stuttgart, two from two different banks in Stuttgart, one from the regional research center for creative industries, one person from BW Connect and from the regional ministry of finance, Ministerium für Finanzen und Wirtschaft Baden-Württemberg. The committee presents its recommendations as to which applications should be funded to the ifex (Initiative für Existenzgründungen und Unternehmensnachfolge) who then makes the final decision.

### *Scheme management*

The IGC is managed by the ifex, which is a publicly funded organization working to promote business start-ups and to secure business success in the Baden-Württemberg region. The project team for all innovation schemes (Innovationsgutschein A+B, Innovationsgutschein Hightech B and Innovationsgutschein C) consists of one full-time project manager, one employee working 75% and two half-time employees. The level of workload varies at the different stages of the voucher scheme (increased workload in connection to application periods and towards the end of the voucher period when companies start sending their invoices).

Having an efficient management team in place is crucial to the success of the innovation scheme; the application process has to be fast and decisions have to be communicated quickly to applicants.

### *Support for innovation*

The IGC is deemed useful in order to bring new products and services to market, implying that the vouchers fund marketing activities connected to innovative products and services. However, there is one challenge connected to the issue of innovation. The committee charged with evaluating the applications consists mostly of representatives from traditional industries and functions which means that it may not fully grasp what innovation in the field of creative industries actually is. The fact that only 76 applications were funded also suggests this.

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<sup>7</sup> available for download at [www.innovationsgutscheine.de](http://www.innovationsgutscheine.de)

*Effects on business development and competitiveness*

The IGC has an impact on business development in terms of contributing to professionalization and facilitating the process of going to market. Since it has only been active since 2013, it is however too early to say whether it has long-lasting effects on the competitiveness and turnover of the companies.

*Advantages and disadvantages*

Advantages	Disadvantages
Fast and easy application system with low degree of bureaucracy	The composition of the innovation committee
Demand-driven	
Comments	
The innovation committee responsible for selecting successful candidates could be adjusted in order to better reflect the industries that the voucher is targeted at. This would potentially enable more and better voucher applicants.	

### **Austria: aws impulse XS and XL**

aws Kreativwirtschaft is the Austrian nationwide support programme targeted at the creative industries. It is part of evolve, an initiative from the Austrian Federal Ministry of Economy, Family and Youth (BMWFJ), aimed at stimulating innovation within the creative industry itself and in other sectors by making use of creative industries competencies. aws impulse XS, aws impulse XL, Vouchers in Creative Industries (VINCI, forerunner to aws Kreativwirtschaftsscheck) and aws Kreativwirtschaftsscheck are all initiatives within the framework of the aws Kreativwirtschaft.

aws impulse XS and XL is a grants program for projects in all industries aimed at testing the substance and commercial feasibility of an innovative product, process or service within the context of the creative industries.

In order to be eligible for the XS and XL funding, the creative output or the creative contribution of the project should define the innovation and be within one or several of the following areas; design, architecture, multimedia/games, fashion, music, audiovision and film, publishing, printing, advertising or the arts market.

The difference between the two levels is:

- XS supports projects of high potential and in the proof-of-concept phase, where the commercial and content-wise feasibility is still to be proven
- XL supports projects that have concluded the proof-of-concept phase and entered into the development phase, e.g. first implementation or market transition.

Table 6: The voucher scheme in summary

	<b>XS</b>	<b>XL</b>
Size (EUR)	Grant of up to 70% of project costs up to a maximum of 45,000 EUR	Grant of up to 200,000 EUR or maximum 50% of eligible project costs
Industry	All industries	All industries
Target group	SMEs and natural persons	SMEs
Total no of grants	25	25
No of applicants	120	40-50
No of accepted applicants	25	25
Geographical coverage	National	National

#### *Objective*

Reduce the risks connected to financing creative industry development and market transition of new products, processes and services.

#### *Target group*

This voucher scheme targets companies in all industries.

The demand for the grants, in particular the XS, has been huge; it is normal that there are five times as many applications as there are grants available. It is deemed to correspond to the needs of the target group.

*Application criteria and application process*

In order to be able to apply for funding:

- the innovation within the project has to be driven by creative industries themselves
- know-how or efforts of creative industries have to be essential or significantly contribute to added value within the project
- the project should have benefit for specific areas of creative industries
- the project should focus on innovative products, services or processes.

The application process differs somewhat between the two sub-programs;

- XS: submission of online application (on an ongoing basis). An external panel evaluates the projects and selects the projects that move on to the second phase. The selected projects may be asked to complement their applications. They also participate in a workshop organized by impulse with the aim of preparing them for the final hearing of the panel. Six weeks later the panel decides the final list of projects that will be accepted for funding.
- XL: submission of online application (on an ongoing basis). The external panel evaluates all projects in a meeting together with impulse and makes the selection of which projects to fund.

The panel is divided into two sub-groups;

- Panel A covering the areas of design, architecture, fashion, the arts and marketing
- Panel B covering audiovision, film, music, web and mobile.



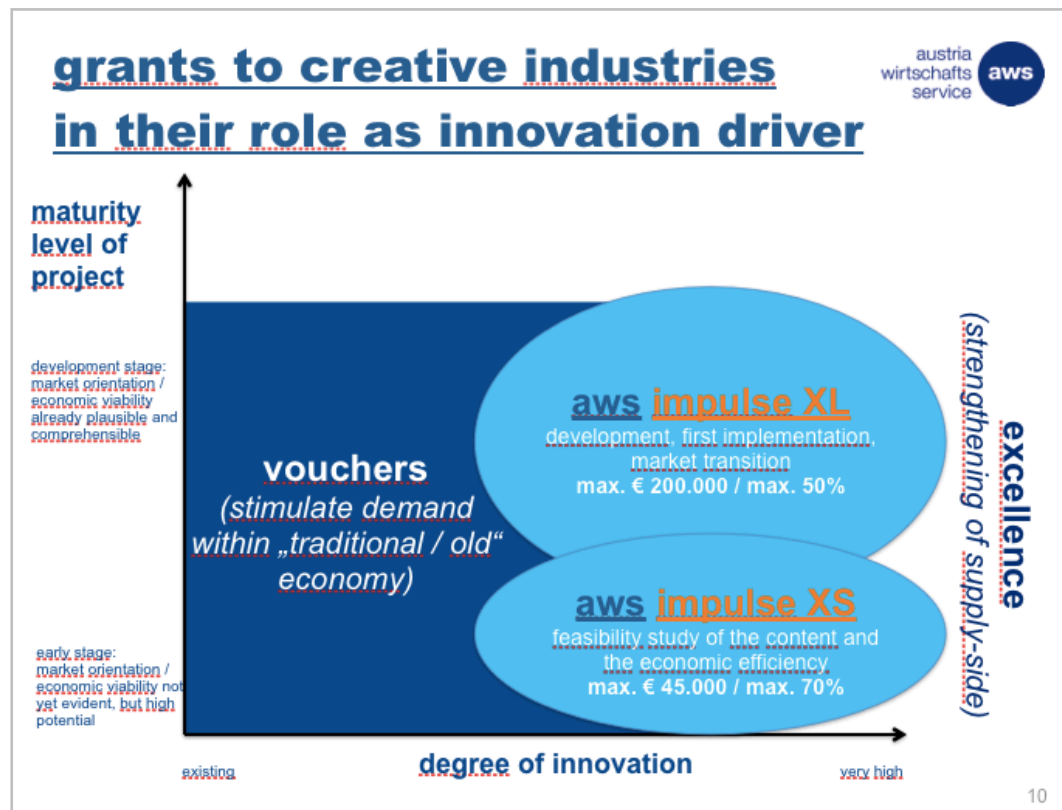


Figure 1: The two grants in relation to degree of innovation and maturity level of the projects.

### *Scheme management*

impulse is responsible for management of the grants scheme. The five employees all spend part of their time managing the scheme.

impulse has 10 years' experience in working with support and promotion of the creative industries. This means that they have both thorough knowledge and understanding of the sector as well as a great network. The employees at impulse know what they are talking about, they truly understand their target audience and they know the people. When it comes to scheme management, this means that not much effort had to be put into communication and spreading the word about the funding; it almost "sold itself".

### *Support for innovation*

The scheme has contributed to driving product, service and process innovation related to the creative industries. It supports a new kind of innovation and also emphasizes a new way of understanding innovation (in contrast to technological innovation, patents, etc.).

### *Effects on business development and competitiveness*

The scheme has an impact on business development and competitiveness. Not all individual projects may have succeeded, however all companies who have received funding from the scheme still exist, which implies that there is a certain degree of sustainability.

*Advantages and disadvantages*

Advantages	Disadvantages
Freedom to build up the program considering the needs of the target group	Increasing degree of standardization
Deep understanding of the creative industries and of the logics of the sector	
Constant adjustment of the program made possible thanks to the intense contact with the people in the creative scene	
Comments	
With time, the scheme has experienced an increasing degree of standardization. To continue its success it is important to be able to still have a large degree of freedom to adapt it to the changing needs of the target audience.	

## Innovation voucher schemes to support innovation in the wider economy

### Denmark: Vækstpulje

During 2009-2012, the Center for Kultur- og Oplevelsdesign (CKO) supported 20 projects in non-creative industries, e.g. product- and service providers that do not primarily produce or exchange experience-based products and services but who can profit from integrating experiences as a differentiator and value-adder. This is what CKO refers to as 'creativity-driven innovation'.

In total, CKO distributed close to 3.34 million EUR to the 20 projects.

Table 7: The voucher scheme in summary

Size (EUR)	Between 100,500 and 187,600 EUR per grant
Industry	Manufacturing and service industry
Target group	Companies (legal persons) within the above industries whose primary business is not to provide experience products and services, but who could benefit from integrating the experience economy into their business activities.
Total no of grants	20 (a total of 50 traditional and 50 creative companies have been involved)
No of applicants	30-45 per call (five calls in total)
No of accepted applicants	20
Geographical coverage	National

### *Objectives*

To promote and support experience-based business development.

### *Target group*

Companies within the traditional and creative industries.

### *Application criteria and application process*

Projects were chosen by CKO according to four principal and two additional criteria:

- growth and market potential, e.g. increase in turnover, export or other economic factors
- innovation in terms of creation of something new through the collaboration between creative industry professionals and traditional companies. The applicants had to show that the project would contribute to the development and implementation of new ways to work with experiences.
- dissemination of methods and results helping to promote the experience industry in Denmark

- collaboration in terms of combining competencies of creative industry professionals with those of professionals in other industries.

These criteria were conditional demands and also served as the basis for the final evaluation of the projects. In addition to these four, another two criteria were stipulated:

- additionality - i.e. projects had to concern activities that were not included in the daily activities of the company and would not have been carried out without the grant
- diversity - i.e. grants should be given to a number of different projects all over the country.

#### *Scheme management*

The voucher scheme was managed by CKO who had a budget of 2.68 million EUR over four years to run the funding. They also had a number of other tasks and in the end, roughly 1/5 -1/4 of the money was spent on running the program including screening candidates, motivating companies to apply, gathering knowledge from the innovation processes and proliferation of results.

Several CKO employees were involved in the scheme in some way, but not all at the same time and not all the time. The scheme required as much management as expected but a clear link was found between how much focus and attention that was put into motivating, screening and selection of partnerships and the quality of the candidate projects that were attracted and, ultimately the results.

#### *Support for innovation*

All projects chosen for funding had commercial potential and contained innovative elements. All projects also had the ambition to solve a business-related challenge in the traditional company. The innovative aspects can be divided into three categories:

- product and service development, e.g. directly by developing the design of a product or its packaging or by staging the perfect customer service. Incorporation of creative competencies as a tool during the innovation process, e.g. in order to enhance development of new products, could be another way.
- communications and marketing, e.g. by engaging customers by means of storytelling, games or play or through communities. Creative collaborators can e.g. contribute by strengthening the visual and emotional qualities of communication or by emphasizing the good story in a company's communication or its interaction with customers.
- organizational development and management, e.g. by creative collaborators being involved in the motivation of employees and creation of new ways of interacting between staff and management.

Examples of 20 Danish good practice examples can be found in the report *Creative Competitive Advantages*.<sup>8</sup>

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<sup>8</sup> Can be downloaded at [http://www.kreanord.org/sites/default/files/rapport/creative\\_competitive\\_web.pdf](http://www.kreanord.org/sites/default/files/rapport/creative_competitive_web.pdf)

*Effects on business development and competitiveness*

More than 80% of the companies consider creative collaboration to be a good or very good investment, implying that they experience a good or very good return on the time and money invested in the project. A full 93% of the companies are motivated in terms of wanting to continue business-related collaboration between the involved creative and traditional companies. An analysis of the effects of collaborating with creative companies shows that there is a clear and positive connection between the development of a company's turnover over time and their purchase of creative competencies.<sup>9</sup> Hence, including creative partners in business development has proved a valuable investment.

*Advantages and disadvantages*

Advantages	Disadvantages
Successful in terms of promoting long-term strategic collaboration with creative partners	Low number of vouchers distributed
Compilation of case studies that serve as a tool for others	
Low number of vouchers distributed	
Comments	
<p>The evaluation of the scheme states that 93% of the involved companies would like to continue collaboration.</p> <p>Case studies that describe the product, service or process innovations that have been funded through the scheme inspire others to innovate and provide them with better tools to actually make it happen. This should be used as a strategic tool to stimulate more innovative collaboration projects.</p> <p>That only 20 vouchers were distributed can be viewed both as an advantage (high amount to each successful company potentially enabling higher impact) and a disadvantage (few companies involved in the scheme).</p> <p>In the future, more emphasis can be put on improving the business skills of creative companies to reinforce their position in collaboration projects and in running their companies in general.</p> <p>Coordination of activities with existing initiatives promotes growth and innovation.</p>	

<sup>9</sup> *Vaekst via oplevelser (Growth through Experiences)*, Epinion on behalf of CKO

### **Austria: Kreativwirtschaftsscheck**

VINCI was a pilot project financed by the European Commission (within the framework of European Creative Industries Alliance, ECIA) and the BMWFJ and implemented by aws Austria GmbH.<sup>10</sup> The aim was to foster innovation in SMEs by integrating creative services and thereby to stimulate cross-industrial collaboration and spill-over effects. Salzburg was chosen as the pilot region.

A total of 71 applications were submitted during the month of September 2012. Out of these, 20 were selected and received up to 5,000 EUR for the implementation of innovation projects with partners from the creative industries.<sup>11</sup> The projects had eight months to spend the money. At the completion of the pilot, a number of policy recommendations were presented to the European Commission, e.g. the advantage of smaller vouchers with a simpler application process in order to attract smaller projects that need help in the very beginning of their activities (seed funding phase). Out of this finding, the Kreativitätswirtschaftsscheck emerged.<sup>12</sup>

Following the evaluation of the VINCI pilot project, the Kreativwirtschaftsscheck (KWS) was rolled out with funding from the BMWFJ on 11 February 2013. A total number of 300 vouchers were issued. Ten days later, an additional 300 vouchers were issued due to the enormous demand from the target audience. However, from 2014 and onwards, only 300 vouchers with a total value of 1.5 million EUR will be issued.

The Kreativwirtschaftsscheck is issued in the form of a grant of up to 5,000 EUR that enables SMEs from all industries to use creative service within in the framework of an innovation project. The voucher can be used for one year starting from the day of application approval.

SMEs with innovative projects making use of creative services are eligible for funding.

Table 8: The voucher scheme in summary

Size (EUR)	Up to 5,000 EUR per voucher
Industry	All industries
Target group	SMEs with their headquarters or a project office in Austria
Total no of grants	600 (300 as of 2014)
No of applicants	932 (300 in the first 10 days, 932 after 14 days)
No of accepted applicants	611 (some applied for less than 5,000 EUR, 300 as of 2014)
Geographical coverage	National

<sup>10</sup> An organization owned 50% by the Ministry of Finance and 50% by the Ministry of Innovation

<sup>11</sup> Creative industries defined as design, architecture, multimedia/games, fashion, music, audio-visual and film production, the media and publishing sectors, graphics, the advertising sector and the art market.

<sup>12</sup> Austria is the only country of the four ECIA pilot countries where the voucher scheme has become permanent.

### *Objective*

To stimulate innovation projects in SMEs.

### *Target group*

SMEs in all industries, with their headquarters or a project office in Austria. Any SME can apply for a voucher to be used for a creative service provider. The ambition was to attract more companies from traditional sectors. An evaluation of the 200 first accepted applicants shows that, of the applicants:

- more than 50% had never applied for public funding before
- 71% said that they will work together with the creative service provider again
- 65% said that their will to work together with creative service providers had increased
- 70% said that the quality of their project had increased
- 50% said that the project would not have taken place without the innovation voucher
- 100% said that they would apply again.

In other words, the voucher scheme clearly corresponded to the needs of the intended target group and also reached the intended companies.

### *Application criteria and application process*

The vouchers are issued on a first-come-first-served basis, given that the applicant meets the basic criteria (SME with headquarters or project office in Austria, service provided from the creative industries).

### *Scheme management*

The scheme is managed by aws, where one employee dedicates 75% of her time to the project. In addition to this, an expert on creative industries and the head of the department for creative industries and innovation support the project. A communication function also provides support in terms of marketing and communications.

The voucher scheme was promoted through newsletters, Facebook, newspaper advertisements and the Chamber of Commerce. However, the interest was so great that very little promotion was needed.

Administrative costs can amount to a maximum 10% of the total value of the vouchers.

### *Support for innovation*

The voucher scheme is deemed to have an impact on innovation. The first evaluation of it shows that 50% of the funded projects would not have been possible without it. What should be pointed out is, however, that the expectations on the level of innovation were quite low. The reasoning was that what the company says is innovative is deemed innovative and therefore helps the economy. However, such activities as modifying websites was not deemed innovative.

Since it is the applicant SME that formulates what the creative service provider should provide, the SME is expected to benefit more than the creative service provider. For the latter, it was more of an opportunity to extend their customer base.

The first survey of the voucher scheme shows that it stimulated different kinds of innovation. Of the companies, the innovations were divided into the following categories:

- Planning 58%
- Proof-of-principle 8%
- Prototype development 18%
- Product development 16%

#### *Effects on business development and competitiveness*

The voucher scheme is deemed to have an impact on the development of new and existing business ideas. The fact that the evaluation shows that half of the projects would otherwise not have taken place points in this direction. Several of the SMEs also expressed that new ideas arose simply because they were working together with the creative service providers.

Whether the effects are long-lasting is difficult to say based on the fact that the scheme has only existed for a short period of time. Christina Koch, project leader of the VINCI project, points out that "We hope that there will be long-lasting effects, but you can't expect the world to change because you gave someone 5,000 EUR". The effects are yet to be seen.



*Advantages and disadvantages*

Advantages	Disadvantages
Adaptability; from one selection with 600 vouchers at once to 2-3 selections/calls with 100-150 per time	Enormous administration as a result of huge interest
Low expectation on level of innovation	Low expectation on level of innovation
Easy to apply, very simplified process (a four-page application asking only for the basics)	
Several people sharing responsibility for managing the scheme	
Comments	
<p>Having 2-3 calls for 100-150 vouchers at a time instead of one, possibly topic-specific (maybe also including topics such as "only SMEs in the tourism area").</p> <p>The small size of the voucher is important in case the aim is to stimulate innovation in SMEs that do not fit into the traditional "excellence" schemes. If the voucher amount is too low, applications will be fewer. It is important to find the right balance between size and level of control. The recommendation is to set the amount to 3,000 - 6,000 EUR per voucher.</p> <p>Having low expectations on the level of innovation can be viewed both as an advantage and a disadvantage; an advantage if one takes the broader, all-embracing, view of innovation and considers innovation to be what the company considers it to be. However, it may be important to reflect upon how the expectations on innovation are phrased in the application phase in order to attract as many relatively high-profile innovative projects as possible. Therefore, low expectations on the level of innovation may be both an advantage and a disadvantage.</p>	

### **United Kingdom: NESTA Creative Credits**

Creative Credits is a new business-to-business voucher scheme that was piloted in the Manchester City Region from September 2009 to September 2010. It was funded by NESTA, Manchester City Council, the North West Development Agency, the Economic and Social Research Council and the Arts and Humanities Research Council.

Creative Credits differ from other existing enterprise support schemes in the UK in several ways:

- it is the only business-to-business innovation voucher scheme in the UK
- it makes use of an online *Creative Gallery* to market potential creative service providers to the SMEs receiving the credits
- the scheme is a lot cheaper to run than other business support schemes in the UK
- the evaluation of the scheme is as innovative as the scheme itself as it is designed as a randomized control trial, with credits being randomly allocated to eligible businesses.

Table 9: The voucher scheme in summary

Size (eur)	4,860 EUR per credit, must be matched with at least 1,215 EUR to spend on creative services
Industry	All industries except creative industries, agriculture, forestry and fisheries
Target group	SMEs with their headquarters either in the City of Manchester or in the Greater Manchester region
Total no of grants	150
No of applicants	300 creative businesses and 670 SMEs
No of accepted applicants	150
Geographical coverage	Regional

#### *Objective*

To encourage SMEs to innovate by addressing barriers to innovation which result in inadequate collaboration. Creative Credits aims at boosting innovation in SMEs by directly linking them to creative businesses.

#### *Target group*

SMEs in all industries and creative businesses in the Greater Manchester region.

#### *Application criteria and application process*

The 150 Creative Credits were distributed in two waves; the first one in September 2009 and the second one in February 2010. The scheme was promoted and marketed by:

- a PR campaign

- an above-the-line campaign (mass media)
- networks
- social media
- direct (e-mails, telemarketing)
- launch event
- website

Applications were made online by SMEs and were checked for eligibility by a NESTA project manager. The criteria were:

- geographical coverage, main office located in the Greater Manchester region
- size range, both SMEs and creative firms had to have fewer than 250 employees and a turnover of less than 56 million EUR
- legal status, both SMEs and creative firms had to be either limited liability companies, limited liability partnerships, general partnerships or industrial or provident societies
- VAT-registration, SMEs had to be registered for VAT.

A lottery was held to allocate the credits. The SMEs receiving credits were then encouraged to choose their service provider from the online Creative Gallery.

#### *Scheme management*

The creative credit scheme is managed by NESTA.

#### *Support for innovation*

SMEs interpret innovation in very different ways. The NESTA evaluation states that this in turn influences the nature of their working relationships with other businesses. Some viewed innovation as 'a state of mind', others as a process and an outcome.

93% of projects achieved all or some of their innovation objectives. Just over 80% of businesses awarded credits stated that the projects had increased their innovative strength and more than 75% said it had stimulated other ideas for new innovation projects.

#### *Effects on business development and competitiveness*

The majority of the projects receiving Creative Credits involved development of SME's websites, marketing and video production activities. For the SMEs, the credit provided a stimulus and incentive to engage with a creative partner, for the creative partner the credit opened up a new business opportunity.

It is still too early to establish the impact on the commercial performance of the businesses involved, however 'back-of-the-envelope' calculations imply that they may have generated short-term additional sales of 624,500 EUR (an average of 4,168 EUR per credit).

Close to 55% of creative businesses claimed to have serviced an SME that was in a different sector from their usual clients and over 41% said the client was outside their usual business networks.

Creative Credits have very strong project additionality; for every ten credits awarded, eight were used to create new B2B relationships involving creative services that would otherwise not have formed.

*Advantages and disadvantages*

Advantages	Disadvantages
The online 'Creative Gallery' for marketing of potential creative industry partners to the SMEs receiving the credits	Credits were spent on a relatively small number of creative businesses; 150 credits spent on 79 creative businesses
Credits allocated randomly to eligible firms	Limited impact in embedding the creative businesses more deeply into local supply chains
Tracking also of companies not being accepted for funding in order to create a control group	
Comments	
<p>The Creative Gallery proved to be a successful brokerage model that minimized administration by the managing organization.</p> <p>The randomized selection process allows for a distribution of vouchers not impacted by panel experts.</p> <p>The decision to track successful candidates as well as companies not being accepted for funding allows for long-term evaluations of effects and results to be done in the future.</p> <p>The credits were spent on just over half as many creative businesses (one firm received as many as 13 credits), this is however explained as what can be expected in a competitive marketplace.</p>	

## Conclusion

The overarching aim of this study was to evaluate whether innovation voucher schemes are the best option to trigger innovation and whether companies from other business sectors should receive vouchers in order to increase the demand for creative services. The answer to this question is: it all depends. However, what can be stated is that the voucher schemes studied do contribute to innovation and business development but in different ways. To explain this, we will return to a concept introduced in the beginning of the report.

Businesses within the creative industries can be divided into three categories on the basis of the type of business model: mass-produced and scalable products; live-based products; and value-enhancing inputs. This division serves as the basis for the conclusions on what kind of innovation voucher scheme is best suited to stimulating certain effects in the target companies. This is summarized in the table below.

Table 10: potential effects of the two types of innovation voucher schemes

	A. Creative industries*	B. Wider economy**
Mass-produced and scalable products	✓	
Live-based producers	✓	
Value-enhancing inputs	✓	✓

\* Innovation voucher schemes to support innovation within creative industries

\*\* Innovation voucher schemes to support innovation in the wider economy through the inclusion of creative services

The voucher schemes to support innovation within creative industries can be expected to have an impact on mass-produced and scalable products such as films, designer items, books and for live-based products such as festivals and theatre productions. Effects in terms of value-enhancing input in other industries, also referred to as spill-over effects, could potentially also occur. Increased professionalization and product/service/process innovation and/or development are possible results.

The voucher schemes to support innovation in the wider economy through the inclusion of creative services mainly results in spill-over effects in the companies outside the creative industries, making use of creative services. New ways of thinking, new ways of solving challenges and new kinds of collaborations are possible results. Furthermore, to strengthen the economy as a whole, NESTA (2008) underlines the importance of creative industry companies offering attractive products and services to other companies in their own industries as well as in other sectors. For this to happen, companies within the creative industries have to make their offering available and communicate the value of it.

Some of the most relevant advantages of the innovation voucher schemes are:

- easy and quick application processes with little bureaucracy
- the use of case studies to inspire others (DK)
- the Creative Gallery that improves the efficiency of scheme management (UK)
- to have access to the target audience through networks (AU)

Risks to bear in mind include how to set up a sustainable scheme management team and, in the case of many applicants, the risk of a high degree of administration in connection with voucher calls.

To conclude, whether to develop an innovation voucher scheme to stimulate the creative industries or whether to develop one targeted on the wider economy - or combine both - depends on the main reason for introducing a scheme and also on the kind of effects that are intended to occur.

## Appendix 1 — Interview questionnaire

### Scheme set-up

- Size of the vouchers
- Application criteria and application process (management aspect, who selects successful applicants)
- Timeframe for utilization
- Principal/responsible organization
- Total number of grants (total sum of vouchers issued)
- Number of applicants
- Number of accepted applicants
- Promotion channels
- Geographical coverage
- To what extent is the size of the voucher important?

### Target group

- Who was in the target group for the voucher scheme (number of employees, years since establishment, type of company, industries?)
- To what extent did the scheme reach the intended target group?
- To what extent do you deem that the voucher scheme corresponded to the needs of the intended target group?
- Should voucher schemes for creative industries be accompanied by broader schemes targeting also potential buyers of creative products / services?

### Management

- How is the innovation voucher scheme managed?
- What is needed in terms of voucher scheme management in order for them to be successful?
- Did the voucher scheme proceed according to plan, and what were the reasons for any delays?

### Support for innovation and effects on business development

- What impact does the voucher scheme have on innovation? In the creative sector/in other sectors?
- To what extent would you say voucher schemes contribute to stimulating innovation?" *Also important to give some hints on what kind of innovation is stimulates (Product, Process, Marketing, Service etc.)*
- To what extent do voucher schemes contribute to the development of new/existing business ideas?
- To what extent would you say that voucher schemes have long-lasting effects on the competitiveness and turnover of the companies involved?

### Lessons learned

- Has the pilot met its aims, objectives and outcomes? If so, what are the characteristics that have made the model successful?
- Please evaluate the advantages and disadvantages of your scheme. What can be improved?

## Appendix 2 – Interviewees

Telephone interviews were conducted with:

Sarah Imsele, project leader Innovationsgutschein C. Baden Württemberg  
"Existenzgründung und Unternehmensnachfolge", ifex - Initiative für  
Existenzgründungen und Unternehmensnachfolge (DE)

Christina Koch, project leader Kreativwirtschaftsscheck  
Creative Industries | Innovation, Austria Wirtschaftsservice Gesellschaft mbH (AU)

Sabine Pümpel, project leader awg impulse XS and XL  
Creative Industries | Innovation, Austria Wirtschaftsservice Gesellschaft mbH (AU)

Additional information was also collected by e-mail from:

Linnéa Ax, project leader  
The Swedish Agency for Regional and Economic Growth (SE)

Søren Würtz, Chief consultant  
Center for Kultur- og Oplevelseøkonomi (DK)