

THE ARTS AND THE IMPACT OF CREATIVITY ON WEALTH CREATION

A TALK GIVEN BY TONY GALLIENNE TO THE GUERNSEY BRANCH OF THE INSTITUTE
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I have three objectives today:

- to establish the idea of the creative industries
- to highlight the importance of creativity for the economy in general
- to promote the idea of seeing ourselves as a creative community.

At first glance the arts and mainstream economic activity don't make for obvious bedfellows. But when you think of artistic endeavour as a creative process, and realise that an advanced high value-added economy is reliant on creativity, then perhaps there is a relationship.

And arts based commercial activity, known as creative industries, has become increasingly noticeable in advanced economies around the world in the last ten years or so.

In the UK, creative industries output accounts for between 6 and 7% of GDP, has doubled in the last 10 years and is expected to continue to grow at double the growth rate of the rest of the economy.

In Guernsey, with full employment, there has been less of an imperative to develop this area of economic activity, and perhaps up until now we have not had the critical mass. However, with 17.5% of our students who go to university doing creative arts and design courses, we are creating a pool of people who are becoming a catalyst for the development of this sector.

Creativity, though, is not the preserve of artists. A fast changing competitive environment demands creative responses. The finance industry is not the same as it was 10 years ago and will not be the same in 10 years time.

New products and services are needed to stay competitive.

Guernsey is a creative island and needs to increasingly be so.

So I want to introduce the idea of the creative industries and what they mean or could mean to the Guernsey economy, and to consider creativity in the general economy.

The UK Department of Culture in 1997 defined the creative industries as:

Advertising	Video games	Architecture
Crafts	Art market	Design
Film & video	Fashion	Music
Publishing	Performing art	TV & radio
Software		

And the British Council highlighted three significant elements in this definition of the creative industries:

- The raw material is people – their minds, skills and their imagination
- The economic value comes from an individual's creativity and skill
- They create intellectual property

To what extent does this definition by the Department of Culture map onto the Guernsey economy?

Some of the industries - like video games, fashion and publishing - don't exist in Guernsey as commercial activities, whilst in the UK they are substantial economic activities employing thousands of people.

We do though have advertising agencies and architectural practices, which are probably disproportionately represented in Guernsey because of the demands of the finance industry and because of our wealth.

The Specsavers creative team, although in-house to Specsavers, is the twentieth largest advertising agency in the UK.

As far as the rest of the creative industries on that list we have some reasonable representation.

We have a number of artists who make a living from their art, and quite a number of photographers, including Karl Taylor who has made training DVDs on being a photographer which he sells over the internet.

Joys is a media company doing widescreen and multi-screen presentations with most of its work exported.

We have a range of craft companies, web designers and art galleries, interior designers, and radio and TV stations.

We have a fantastically vibrant music scene on the island – both classical and popular – but if you want to earn a living from your music (unless you're a teacher) you have to leave the island: we are all aware of David Le Page and some of you will know of Tim Bran.

We don't though have an ABBA, who at one time were Sweden's biggest export earners. Of course business models are changing because of the internet, and perhaps in the future there may be a way of making music in Guernsey which can be exported digitally and which makes money.

So the arts, influencing the creative industries that we do have, do play a part in the Guernsey economy; a small but increasing part.

In fact it is increasing in most advanced economies. Why?

The Institute of Fiscal Studies, looking at household expenditure between 1975 and 1999 (excluding mortgages and rent), identified that the share of expenditure on 'bread and butter' items declined from 40% to 27%, while expenditure on services increased from 29% to 42%, on leisure goods by 93%, on entertainment by 109%, and on tourism by 270%.

In this environment the creative industries and cultural and artistic activity become important.

The Edinburgh Festival is worth tens of millions of pounds to that city each year.

The Banksy exhibition in Bristol last year attracted 300,000 people into that city.

In 2009 Liverpool was European capital of culture.

The Angel of the North by Antony Gormley has had a major impact on the economy of the North East.

The arts can be a powerful income generator.

Many countries and cities have a creative industries policy. However in Guernsey the creative industries, as an economic concept, is barely recognised. There are no statistics, no policy, no economic use classification.

The argument is that there is full employment and the finance industry dominates. We don't have any spare land.

I'll pick up this point later.

For now, I want to move away from the arts and talk about creativity in the general economy.

It is unfortunate that the word creativity seems to be associated with the arts more than any other area: in advertising agencies the people who come up with the ideas and the images are known as 'creatives'. But the arts don't have a monopoly on creativity, and creative industries don't have a monopoly on being creative. Creativity is an integral part of a successful advanced economy whatever that economy does.

I'll use Specsavers as the bridge between the arts and the general economy. Specsavers' economic success is, in part, due to two powerful creative ideas. First of all the strapline 'Should have gone to Specsavers'. This strapline, created and developed by Specsavers' creative team in Guernsey, has entered the English language. How much is that strap line worth to Specsavers? The other creative idea, which is the foundation to Specsavers' success, is its franchise model, which Doug Perkins developed, in part, as a result of attending business classes at the Guernsey College of Further Education in the 1980s.

Twenty-five years ago Specsavers was started by Doug and Mary Perkins on a table tennis table in their spare bedroom. Now it provides five hundred jobs in Guernsey on a sustainable basis, has been voted the most trusted optical brand in the UK eight years running, and has put Doug and Mary Perkins in the Sunday Times Rich List.

Creativity in business is becoming more and more important. Why? Because economic activity is getting faster and faster. That means change, and change is the driver of creativity – you have to create new things all the time to survive.

To stay attractive an economy has to be continuously inventing.

The value of ideas is the most important driver of economic growth and productivity.

So what is creativity? Very simply it is the ability to create meaningful new things and services; the ability to mix existing ideas in new and interesting ways; new forms or designs that are readily transferable and widely useful e.g. designing a product that can be widely made, sold and used; coming up with a concept that can be applied again and again.

I'll give you an example – the game Trivial Pursuit. Chris Hanney and Scott Abbott had been friends for years and played a lot of scrabble together. One Saturday night in 1979 Chris had had to buy a new scrabble set, found the price expensive and remarked to Scott how expensive it was and that there must be money in board games. They speculated on what a new board game could be about. Scott said trivia because, for fun, they used to ask each other trivia questions. Chris asked Scott how it might work. Over the next 45 minutes Scott worked out what would become the rules of Trivial Pursuit. Since 1979 the game has sold 100 million copies in 26 countries.

How about a vision – Guernsey as a creative environment, with creative art and creative business ideas coming from the same pool, the same mindset.

We have an environment which is ripe for creativity: wealth, leisure, education, intellectual property legislation, high levels of computer technology, proximity to London the creative capital of the world, a highly creative finance industry, and an entrepreneurial mindset.

We do though have some issues. We are insular – our icons are the donkey and the stubborn Ebernezer Le Page. We lack land. We have a high earning finance industry so why do we need the creative industries? Well perhaps there are flip sides to those issues. Why don't we think of our island as a creative cluster – a small, tight network of people interconnecting and generating ideas? A lack of land can be an impetus to be creative in order to compensate. A finance industry provides a fantastic resource for money and legal and accounting infrastructure to underpin the commercialisation of creative ideas.

I want to give you some local examples of creative ideas which have become commercial. Many of you will have heard of these examples but they illustrate my point.

The protected cell company was created by Steve Butterworth. Steve worked in insurance in the Cayman Islands between 1982 and 1986. In 1983 he was asked by a group of chiropractors, who were down from the USA, to look at their accounts. They were losing money and the reason was because of huge legal bills. The huge legal bills came about because they didn't trust each other and needed legal agreements between themselves for protection. Steve said to himself 'surely there must be a better way', and came up with the concept of the protected cell. He took the idea to the Cayman Government but they weren't interested. In 1986 Steve moved to Guernsey to work for the Guernsey Financial Services Commission, and took the idea to the Advisory & Finance committee of the States of Guernsey who also weren't very interested. However in 1995 the fund industry needed a protected cell type structure, and so Steve dusted down his idea and with a local advocate created the PCC legislation.

Other jurisdictions have followed, including the Cayman Islands. It is widely used now in banking, fund management and international tax planning around the world.

There is a chap called Steve Streeting working from his home in St Martin's who has created an open source piece of 3D software called OGRE, on the back of which he makes a living offering software consultancy and contract work.

'Tenease' is a product that helps relieve tennis elbow. Ranjan Vhandra is a surgeon working in Guernsey. Whilst doing research he came up with the idea of a small self-administered unit to deal with tennis elbow. The product was entirely developed and made in Guernsey. The prototype was made by Dave Inder and Peter Le Fevre of Guernsey Design Village. The plastic housing made by Plastic Injection Moulding and designed by Steve Hazelwood of Ortec. The electronics were designed and made by Offshore Electronics. Ranjan has a worldwide patent and has business partners in the USA and Canada

Ray Evison, of Clematis Nurseries, has produced two-thirds of the world's clematis varieties in his greenhouses in Guernsey.

Guernsey also has innovative companies: Island Analysis gathers data from islands around the world and creates comparative data reports; Vets4Pets is a unique, joint-venture partnership with experienced veterinary surgeons, based on the Specsavers model; Moonpig sells greeting cards online

I want to touch on cultural tourism for a moment - culture as an economic resource. In this context, cultural identity and economic growth are linked through the positioning of a place's brand. Think of Edinburgh, Hay-on-Wye, Bilbao, Venice, Rome.

Guernsey is rich in heritage. But we seem to be overlaying that now. We've recently had our first festival of photography. We have the Victor Hugo music festival in the autumn and now have an annual comedy festival. Our first literary festival is planned for next year and the island is hosting the UK One Act Play Festival in 2011. A new Sark Folk Festival is launched in July. We have a Gormley installation on Herm at present and Andy Goldsworthy has created works which will go on display in Alderney in 2011. And of course the Guernsey Potato Peel Pie and Literary Society book is attracting Americans to the island.

Can we connect all this activity together into an overarching narrative and make an impact on the outside world like Edinburgh has?

A by-product of such festivals is a creative atmosphere. But we need more than atmosphere. We need the right conditions and the right structures for creativity and for exploiting that creativity. We have many of these conditions, but perhaps we need to be more overt, more energetic.

Perhaps we are seeing the start of this! Borrowed from the TV programme Dragons Den we have had Bright Young Things in 2008 and Bright Ideas in 2009 promoting entrepreneurs' commercial creativity. For World IP Day, the Guernsey Intellectual Property Office ran a 'Guernsey's Got Talent' competition in schools. This was in recognition that in China and India school children are introduced to the concept of intellectual property whereas in Guernsey they are not.

Next week the Art & Islands conference is held with academics from around the world coming together in Castle Cornet to exchange ideas on art, islands and culture. And on the Thursday evening Matthew Taylor, chief executive of the Royal Society for Arts, will talk about creativity.

And what about this as an idea! In Bristol an ideas festival is held annually. Why not in Guernsey?

We are talking about people coming up with creative ideas – human capital. Classically in economics there are three factors of production – land, labour (the ability to work) and capital. In Guernsey I would now add two more – jurisdiction and, relevant to this talk, human capital, shorthand for creativity, critical thinking and innovation.

But human capital and creativity need to be protected if we are able to create wealth from them. This is where intellectual property (IP) rights come into play.

We have some of the most advanced IP legislation in the world. IP is about ideas, creativity and how these ideas can be developed and protected.

Victor Hugo led a group of European writers in the nineteenth century campaigning for the protection of literary and artistic works from international piracy. This campaigning led to the foundation of today's copyright laws. Perhaps we should celebrate Hugo for his creativity more than we do – that creativity is still generating wealth for people today.

To use a horrible word – IP is about ‘monetising’ creativity and innovation. Ray Evison and his clematis plants are a good example here – he creates new clematis varieties which he protects using Plant Breeders' Rights under IP legislation, and through that is able to licence out production to third parties and charge a royalty.

What I’ve tried to do in this talk is to look at our economy and ourselves through the perspective of creativity, innovation and ideas. In a world of rapid technological and social change, creativity extends well beyond the arts.

The concept of creativity has come to the fore in economics, because there is a constant drive to innovate, because if you don’t someone else will.

The Strategic Economic Plan which was placed before the States in July 2007 set the scene. It talks about the need to generate and absorb ideas and innovation. It also talks about a community that has become complacent about its economy over the last decade. Well I’m not convinced we’re complacent but I do think we need to be far more urgent about the importance of creativity, ideas and innovation.

We think of our economy in terms of finance and non-finance. That is our mindset. To my mind that way of thinking is lazy and narrow. It also undersells all those industries that are not in the finance industry.

As far as the creative industries are concerned there is no creative industries policy in Guernsey to stimulate and be a catalyst - and there is no visibility at political or policy level.

There are creative industries strategies all over the world but not in Guernsey. Perhaps it’s up to the creative industries themselves to put a plan together and communicate it:

- what they contribute,
- who they are,
- what they stand for, and
- what they offer in terms of opportunities for investment and opportunities for employment.

But we need to promote creativity in general. The arts, at their best, can show how the creative process can generate new forms and possibilities. We spend too much time talking about regulation and legislation and the dysfunction of the States. Our future doesn’t rest there. It’s going to be about creativity and innovation, and as a result economic productivity.

We have an ageing population. We will need to be more creative and more productive.

According to NESTA (National Endowment for Science, Technology and the Arts), innovation accounted for two-thirds of productivity growth in the UK between 2000-07.

We are talking here about R&D, new products and services, new business models, new creative output, and innovation in design.

On the back of our wealth, on the back of the technology we have, on the back of the social capital we have, on the back of our attractiveness, on the back of our close proximity to London, on the back of talented people coming to and returning to Guernsey, we do create. We are a competitive island which is creative and innovative. But I'm not sure we think of ourselves like that. But that is what we need to do – to think of ourselves as creative people, and as a creative island, with a cultural mindset which encourages experimentation, and which knows how to turn creativity into wealth.

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