



WP 6 – START UP OF THE HUB

TRANSNATIONAL MODEL FOR THE ACTIVATION OF HUBS

Document 1¹

By Arianna Vignati, Carla Sadini
July 2012

¹ This is the first of two work documents. The document 2 is in progress and it will be completed within September 2012



INDEX

1. Introduction	3
2. Hard Factors and Soft Factors	3
3. “This must be the place”. The Importance of Localization	4
4. Mapping	5
4.1 Methodology	6
5. Conclusion.....	9



1. Introduction

The aim of the project *Creative Companies in Alpine Space* (CCAAlps), financed by EU, is to increase the support to the creative companies, in terms of policies and real or network services, in order to foster their growth and their ability to re-launch SMEs in traditional industries.

The mapping activity of hubs, incubators, service centers and the like we want to present in this document, became part of the activities provided by WP4 and WP6. With reference to WP4, a creative economy development analysis will be carried out in each involved country, focusing on the possible collaborations between different industries and on the study of what must be considered exemplary cases (activities that each partner is making in the relevant territory). WP6 prescribes the implementation of this model, developing the pilot projects of local hubs (single or as a network of hubs). A transnational model should be created to implement the hubs at a local level, containing a set of criteria that all the partners must respect, about not only physical spaces, but also services the hubs must provide.

As we already said, the mapping activity of hubs, structures and initiatives, which can look like the idea of hub from which we started, through an international examination of best practice cases, is integrated between these two research steps. Using this mapping, we intend to explore and understand the local and international scenario.

Before describing the methodology and presenting the mapping done, a first theoretical overview of this theme is needed.

2. Hard Factors and Soft Factors

As we will see later, the theoretical arguments about creative companies have their own sound basis on the localization theories. Places, and especially towns, play a major role in privileging attraction and development of these specific economy sectors. So a town can be considered “creative” if it pays attention to many characterizing factors, promoting the creation and development of some market niches. Charles Landry proposed a functionalist approach taking into account not only the so-called *hard* factors, which he called “concrete factors” (2000:105), but also the *soft* ones, called “intangible factors”



(2000:105). On the one hand the “hard location factors” refer to the presence on the territory of important resources including man power, available spaces, accessibility, taxation and tax incentives, proximity of some services connecting the central business areas to the global economy network, such as airports, financial centers and telecommunication networks; on the other hand the “soft location factors” refer to more intangible available elements, such as life style, the presence of a vital social community, diffusion of different ways of thinking, composition of population, workplaces, entertainments, etc., the authentic nature of the place, the quality of life in general (Florida, 2002; Musterd, *et al*, 2007; Anzoise and Sedini, 2011).

According to Landry (2000), towns look more like organisms than machines and it involves the construction of elements going beyond infrastructures. So the aim is to satisfy the citizens completely. This goal can be achieved through a certain values system, lifestyle and identification with the town.

The so-called “creative strategies” can be characterized by six main intervention actions:

1. *Strategies about ownership and offices*
2. *Development of business, consultancy and network creation*
3. *Direct financing and loans to the creative companies and entrepreneurs working in this industry*
4. *Fiscal initiatives*
5. *IT and physical infrastructures*
6. *“Soft” infrastructures*

3.“This must be the place”. The Importance of Localization

As we said above, the project CCAips' aim is to create a virtual meta cluster and a real network of hubs. So this double objective becomes explicit in the local nature of the hubs cluster development, on the one side, and in the international nature of the development of the virtual cluster and best practices sharing on the other side.

These aims are integrated into the theories linked to the importance of localization.

The concept of *cluster* has been proposed in '90 by Michael Porter in order to theorize the nations competitive advantage, in specific industries, deriving from the economic and industrial activities localization in general. In his concept of cluster, Porter took into account other famous theories denoting the environment and the spatial collocation as one of the basic elements of a specific business sector development, suffice it to think about the *industrial atmosphere* treated by Alfred Marshall (1890), the *localization theory* by Weber (1909), the *growth pole* proposed by François Perroux (1955), the *districts* theorized by Giacomo Beccatini (1970).

The adoption of the clusterization approach in urban policies is dealing more with the facilitation of the interaction between potential and existing companies, the possible cultural consumption and the inspirations of the local politic regime, than with the Porter's theories.

At a local level, the strategies to create creative clusters have always been associated to special sectors, such as cinema or fashion, or had dealt with putting together physically working cultural activities. With reference to the “creative hubs” in London (till 2008 they were 10), the integrated strategy was a kind of mix of these two elements.



But it is required herein to try to define more precisely the concept of hub, which has its roots in the concept of cluster surely, but differentiates from it for some fundamental important elements. Furthermore, the word “hub” often is used as a synonym of incubator. So it is deemed crucial to define these two terms to understand the differences between them.

Basically, the incubator is identified as a company facilitator providing a series of resources supporting a business, start up especially. So their role is to accompany the intuition of one or more subjects, from the idea to the creation of a company through an evaluation process facilitating the integration and factual realization of the idea itself. So, “the company incubator is an institution allowing to integrate new companies into its structures at least costs and trying to encourage the entry of these companies to the market, creating a support network to help them to achieve an economic autonomy” (De Luca, 2005).

The definition of hub is a point at issue, because there is not only one shared definition. Particularly, we talked about the hub in the industries of the creative economy and knowledge, identifying the towns themselves as real attractors and incubators of the so-called creative class, or rather the creativity and knowledge workers. But the hubs are considered more and more as virtual or physical structures. The main difference between a hub and a cluster and between a hub and an incubator is the physic localization in a place dedicated to the working activities development. The hub allows its clients to access to information about a specific business, industrial and cultural field and to any relevant market opportunities. According to its literal definition, a hub is the central business area of a group of activities, the pivot from which many bodies sort out, which can stand on their own two feet thanks to the support of the hub.

Usually an entity as a hub is identified with specific activities put inside the large creative economy and knowledge panorama. There are many reasons, but maybe the most noteworthy is the need to interface with different experiences and to answer to questions to which it is difficult to find an answer because of the relative youth of the businesses, ascribable to the knowledge and creative field.

4. Defining and Mapping the Hubs

In the framework of the project CCALPS, the launch of WP4 made necessary a first reflection upon the concept of hub, which has been resolved giving an *operational* definition, useful for mapping the hubs, already existing in the territory falling within the competence of each partners. Considering the preambles expressed in the previous paragraphs, it is needed a *theoretical* definition of hub, allowing to translate the theoretical assumptions in project elements to start up the hubs or the network of hubs considered in WP 6.

To that end, 80 national cases were mapped, excluding the territories already mapped in WP4, and international cases corresponding to the identification of the best practices provided by WP6; the goal of this activity is to study and analyze the existing scenario concerning the structure typologies which manage and provide services, to give space and support to the entrepreneurial activities. The attention did not concentrate on the business activities only, which can fall within the definition of cultural and creative companies, but also on the bodies dealing with the not creative activities. Integrating



other types of work can be very useful, because observing the organizational processes, supporting a not “sector-specific” company, can encourage the conception of similar tools and methods, adapted to the characteristics of the activities the cultural companies carry out.

The aim was to answer to the questions emerged during the analysis step for the creation of a hub or a network of hubs:

- What are the most widespread services and are there some very innovative ones?
- Are there some very interesting organizational modalities?
- How much important is the presence of strong roots in the territory?
- Among the industries of creativity, what are the most “followed” ones?
- Why this case can be interesting for the development of our hub?

A specific methodology, which the selected cases can be analyzed with, derived from these questions.

4.1 Methodology

The analyzed cases were mapped taking into account different criteria. Four analysis categories were identified:

1. TYPOLOGY
2. FOCUS
3. TERRITORIALIZATION
4. ACTIVITIES and SERVICES

Hereafter we will explain how they have been used in an operational way.

The first criterion corresponds to the **TYPOLGY**. We tried to answer to the question “*What does a hub look like?*”. We identified 6 typologies of organizations, centers, and spaces which can recall what is identified as a hub somehow.

1. Incubator: A company incubator is an organization which accelerates and makes systematic the process of creation of new companies giving them a large range of integrated support services including incubator physical spaces, the services supporting the development of business and the opportunities of integration and networking (definition by the European Community).
2. Services Center for Companies: Public or private structures, often subsidiaries, supporting the technological innovation and the know-how transfer at a local level, through training courses, consulting services, marketing, support for export and internationalization, etc.
3. Virtual Platform: It is an on-line place (usually a web site or a blog) where you can find information, answers to specific questions, concerning your own sector and eventually you can have a space to present your company and the relevant activities.
4. Development Agency: It is the union of many private and public bodies, whose aim is to promote the territory development where it is created and working.



5. Co-working Centre: It is a physical space providing shared tools where people go to work for the time they need. The members can use the facilities and the technological equipment (desk, internet, etc.) and are not concerned with the management of expenses (bills) or the office cleaning.
6. Cluster: It is a group of companies, connected economic agents and institutions near one another, which became able to develop surveys, services, resources, providers and specialized know-how.

Secondly, as we said, since not all the mapped cases are interesting for the creative companies, we underlined what is the main **FOCUS** of their company support work. So the target of the case in question can be:

- creative economy industries
- not creative economy industries
- the above two industries mixed

Especially, we referred to the definition provided by KEA (2009) to identify the creative economy industries. So, in this mapping, the industries considered as part of the creative economy are:

- *Visual arts*
- *Performing Arts*
- *Heritage (Museum and Libraries)*
- *Movies and Video*
- *TV and Radio*
- *Video Games*
- *Music*
- *Publishing*
- *Design (Interior, Fashion, Product and Graphic)*
- *Architecture*
- *Advertising*
- *PC and MP3 player manufacturers*
- *Mobile Industry*

A third element, according to which the cases have been classified, was the **TERRITORIALIZATION** level. So we analyzed how much strong are the roots of the considered agencies, clusters, hubs in the territory. Two cases have been identified:

- The target of a case having roots in the territory is the social economic development of a specific area (region, province, town, district)
- A case without roots in the territory has a widespread identity (for example a national identity) and is not strictly linked to the territory development.

Finally, ten typologies of **ACTIVITIES and SERVICES**, considered as priorities for the hubs, have been identified. Each analyzed case has been classified according to the presence and supply of activities and services. If any, the mark was 10. The cases able to offer all the identified activities and services have been classified as 100% HUB.

1. **Physical Space:** Co-working space, supplied with offices, conference and exhibition rooms – 10%
2. **Virtual Space:** Web site where the companies have a dedicated space where information can be found – 10%
3. **Promotion/Visibility:** Promotion through marketing activities for companies forming part of the project – 10%
4. **Tutoring/Training:** Lifelong learning, lessons, workshops – 10%
5. **Network:** Creation of events, supply of a large contacts network, at an international level too – 10%
6. **Prototyping/Technologies:** Available quick prototyping technologies, 3D printing, analysis and tests, shared production technologies – 10%
7. **Information:** About invitations to tender, conferences and initiatives which are interesting for the companies forming part of the project – 10%
8. **Know-how:** Guidance desk, business consulting (investors, patents, protection of intellectual property, etc.), supply of data and best practices – 10%
9. **R & D:** Research activities into the hub (or incubator, or agency, etc.), involvement in research and results publishing projects – 10%
10. **Originality:** Special distinctive features of the project in question – 10%

4.2 The Cards

The cases have been mapped and classified using the following format:

NAME	Danish Design Centre		
Where	Copenhagen - Danemark		
Contacts	http://en.ddc.dk/		
Typology	Services Center		
Focus	Creative	Not creative	Mixed
Sector	Design		
Roots	Yes	None	
SERVICES/ACTIVITY			
Physical Space	Yes	None	
Virtual Space	Yes	None	
Promotion and Visibility	Yes	None	
Tutoring and Training	Yes	None	
Network	Yes	None	
Prototyping	Yes	None	
Information	Yes	None	
Know how	Yes	None	
R&D	Yes	None	
Originality	Creation of the Danish Design Prize		
% HUB	40%		



5. Conclusion

This document represents the first part of the mapping work which can further support the CCAIps partners for the national mapping of the interesting cases to implement the local hubs. This first analysis tool lays the foundations of a reflection and evaluation of the aspects characterizing the bodies, broadly defined hubs, which will be described and systematized in the document 2 of this work.

The aim of the abstraction effort, which this research activity is based on, is to make the business support and promotion activities in creative sectors more intelligible. So, to achieve this aim, in the initial step we tried to define a hub. In general in Italian hub corresponds to an incubator. But we decided to analyze the most literal English meaning of hub: corner stone, pivot, centre – in this case – of and for the creative - and not only - entrepreneurial activities.

Starting from this definition, we found the most interesting elements we had to analyze for a whole and general comprehension of this phenomenon. According to the above, we have been interested in the analyzed hub's focus, roots, activities and services. With reference to the focus, we also wanted to involve in the analysis the virtual and physical structures which were not specialized in creative activities in order to get useful insights from other working sectors too. We used the definition provided by KEA to define the creative sectors.

A second analysis category was the presence of strong roots in the territory. As we said, the places and accordingly localization are still strategic elements for the business start up. Furthermore, a hub can target specifically the development of very localized businesses, having a strong impact on the territory, or a more international business.

Finally, according to the hard and soft factors, we made a list of activities and services that the hubs, in our definition, could or must provide.

The cases selection was made in a qualitative manner. So, our sample cannot be considered representative statistically, but anyway it is an interesting and innovative tool to analyze this phenomenon. The cases were selected according to a previous knowledge of them, some scientific and not scientific articles where they were mentioned and their presence on the web.

The preliminary results of the hubs mapping, the cases synthesis and the first hub implementation model, representing the first work document for WP 6, will be presented in the document 2.