

MODULE 7: MANAGEMENT OF CULTURAL AND CREATIVE ENTERPRISES

PARTNER: FISE

UNIT 1 - WHAT IS BUSINESS MANAGEMENT?

BUSINESS MANAGEMENT MEANS DEFINING A BUSINESS'S STRATEGY AS WELL AS PLANNING AND COORDINATING ALL PHASES OF ITS OPERATION, I.E. THE WORK OF EMPLOYEES, THE USE OF AVAILABLE RESOURCES SUCH AS FINANCIAL, NATURAL, TECHNOLOGICAL, AND HUMAN RESOURCES.

EXERCISE

WHAT DO YOU THINK ARE THE TASKS WHEN MANAGING A SMALL BUSINESS? DISCUSS IN THE GROUP.

IF YOU ARE THE OWNER OF A SMALL BUSINESS WITHIN THE CULTURAL AND CREATIVE MARKET, YOU WILL MOST LIKELY HAVE TO DO MOST OF THE MANAGEMENT ACTIVITIES YOURSELF. WHEN YOU START YOUR BUSINESS IT IS ADVISABLE TO CREATE A **SHORT- AND MEDIUM-TERM BUSINESS PLAN** IN WHICH YOU DETERMINE WHERE YOUR BUSINESS SHOULD BE IN 2-3-5 YEARS. YOUR PLAN SHOULD INCLUDE A **MARKET ANALYSIS**, AN ANALYSIS OF YOUR COMPETITORS, A **MARKETING PLAN**, AND A **BUSINESS OPERATION PLAN**. IF MORE PEOPLE ARE WORKING WITHIN YOUR BUSINESS, IT IS ALSO USEFUL TO CREATE AN **ORGANISATIONAL PLAN**. YOUR **FINANCIAL PLAN** WILL NUMERICALLY SUPPORT EVERYTHING YOU DESCRIBE IN THE TEXT OF YOUR BUSINESS PLAN.¹

¹ 16. STARTUP GUIDE, PRESS ONLINE, 2021

ONCE YOUR BUSINESS IS ALREADY OPERATING, **MANAGING OPERATIONS** IS AN IMPORTANT PART OF YOUR MANAGEMENT ACTIVITIES, SUCH AS MAINTAINING THE COMPANY'S SUCCESS AND ITS CUSTOMERS, PROMOTING ITS GROWTH, WHICH MAKES **QUALITY CONTROL AND QUALITY ASSURANCE** NEEDED. THIS MAY APPLY TO THE MANUFACTURING PROCESS, PRODUCT QUALITY, SUPPLIERS AND PERSONNEL, ETC. YOU WILL ALSO HAVE TO KEEP TRACK OF SALES, CASH AND CREDIT, REVENUE, AND PROFITS.

FINANCIAL MANAGEMENT TASKS ARE ONE OF THE MOST IMPORTANT PARTS OF THE MANAGEMENT OF A SMALL BUSINESS. DEVELOPING AN ACCOUNTING SYSTEM THAT PROVIDES INFORMATION, NOT JUST BOOKKEEPING THAT RECORDS SALES AND PAYMENTS, MIGHT BE IMPORTANT FOR YOU. FINANCIAL MANAGEMENT MIGHT INVOLVE CREATING, MAINTAINING, AND ANALYSING DOCUMENTS SUCH AS THE GENERAL LEDGER, ANNUAL BUDGET, BALANCE SHEET, INCOME STATEMENT, CASH FLOW STATEMENT, AND ACCOUNTS RECEIVABLE AND PAYABLE. THE BUSINESS MUST ALSO HAVE ACCESS TO SUFFICIENT CASH AND CREDIT AND AVOID OVER-INDEBTEDNESS.

MANAGING YOUR BUSINESS MEANS NOT ONLY MEAN SETTING THE **STRATEGIC GOALS**, BUT ALSO PLANNING AND CREATING **THE TACTICS AND IDENTIFY THE SPECIFIC STEPS** TO REACH THESE GOALS. IN ORDER TO REACH THE GOALS A TIMELINE MUST BE SET AND KEPT, THE **PERFORMANCE MUST BE MONITORED AND REGULARLY EVALUATED** (E.G. ANNUAL SWOT ANALYSIS), SO THAT PROBLEMS CAN BE IDENTIFIED AND SOLVED BY ADJUSTING PROCESSES, TACTICS, COMMUNICATION, ETC.

READ MORE ABOUT THE BRANCHES OF BUSINESS MANAGEMENT:
[WHAT ARE THE BRANCHES OF BUSINESS MANAGEMENT?](#)²

1.1. TOP DOWN VS. BOTTOM UP MANAGEMENT

THE TRADITIONAL MANAGEMENT APPROACH IS THE TOP-DOWN MANAGEMENT APPROACH, WHERE THE BUSINESS OWNER OR THE LEADERSHIP SETS THE GOALS AND THE BUSINESS'S DIRECTIONS AND THE OTHERS ONLY EXECUTE. WHILE BOTTOM-UP MANAGEMENT IS THE OPPOSITE, WHERE IDEAS, GOALS AND PROJECTS ARE GATHERED BY THE TEAM AND INDIVIDUAL CONTRIBUTORS, AND CONTINUOUS FEEDBACK IS REQUIRED AND PROVIDED.³



² [HTTPS://SMALLBUSINESS.CHRON.COM/DEFINITION-SMALL-BUSINESS-MANAGEMENT-3994.HTML](https://smallbusiness.chron.com/definition-small-business-management-3994.html)

³ [HTTPS://WWW.BETTERUP.COM/BLOG/TOP-DOWN-VS-BOTTOM-UP-MANAGEMENT-APPROACH](https://www.betterup.com/blog/top-down-vs-bottom-up-management-approach)

THE CHARACTERISTICS OF THE TOP DOWN APPROACH ARE THE CLARITY OF RESPONSIBILITIES AND TASKS, AS WELL AS THE POWER AND AUTHORITY. THIS HIERARCHICAL APPROACH BRINGS WITH IT THE STANDARDISATION OF PRODUCTS AND SERVICES, AND FACILITATES QUALITY CONTROL, AND MAKES IT EASIER TO MAKE DECISIONS AND REACH GOALS FASTER. THE RISK OF THE TOP DOWN APPROACH IS THAT THERE IS NO ROOM FOR FEEDBACK AND DISCUSSION AND THEREFORE BAD DECISIONS MAY OCCUR. ALSO, EMPLOYEES MIGHT NOT IDENTIFY WITH THE COMPANY'S VALUES AND ARE LESS MOTIVATED, AS THERE IS VERY LITTLE ROOM FOR CREATIVITY, WHICH MIGHT LEAD TO EMPLOYEE DISSATISFACTION.

THE BOTTOM-UP APPROACH IS VERY DIFFERENT. HERE THE ENTIRE BUSINESS AND ITS GOALS ARE SHAPED BY ITS EMPLOYEES, THEREFORE IT RESULTS IN A UNIQUE PERCEPTION OF THE COMPANY. THE EMPLOYEES CAN CONTRIBUTE TO THE SUCCESS OF THE COMPANY, WHICH HAS A MORE INTEROPERABLE ORGANISATIONAL STRUCTURE. THEY CAN ADD THEIR CREATIVE INPUT, DISCUSS IDEAS ON DIFFERENT LEVELS, GIVE AND RECEIVE FEEDBACK. IT IS AN ADVANTAGE FOR BOTH THE BUSINESS'S OWNER AND ITS EMPLOYEES THAT DECISION-MAKING PROCESSES AND ASSETS CAN BE REALLOCATED.⁴ THIS APPROACH LEADS TO GREATER EMPLOYEE ENGAGEMENT, THEY ARE MORE MOTIVATED AND FEEL MORE CONNECTED TO THE BUSINESS.

⁴ [HTTPS://WWW.SMARTSHEET.COM/TOP-DOWN-BOTTOM-UP-APPROACH](https://www.smartsheet.com/top-down-bottom-up-approach)



MOST BUSINESSES ARE NOT STRICTLY OPERATING ALONG ONE APPROACH, MOST ORGANISATIONS WILL FALL SOMEWHERE BETWEEN THE TWO ENDS OF THE SPECTRUM. HOWEVER, STARTUPS AND ESPECIALLY SMALL BUSINESSES OPERATING WITHIN THE CULTURAL AND CREATIVE FIELD ARE TYPICALLY USING THE BOTTOM UP APPROACH, AS IN A SMALL GROUP OF CREATIVE PEOPLE THE EXCHANGE OF IDEAS AND FEEDBACK IS FEASIBLE AND FORWARD-LOOKING. IT IS HOWEVER IMPORTANT THAT YOU CREATE AN ENVIRONMENT, WHERE EMPLOYEES AND TEAM MEMBERS ARE HAPPY TO SHARE THEIR FEEDBACK. IT IS ALSO ESSENTIAL TO HAVE GUIDELINES AND RULES, WHICH ARE KNOWN AND ACCEPTED BY ALL MEMBERS, IN ORDER TO AVOID DISORGANISATION AND FRUSTRATION.

EXERCISE

- WHAT DO YOU THINK ARE THE ADVANTAGES/DISADVANTAGES OF THE DIFFERENT MANAGEMENT APPROACHES? WOULD ONE OF THEM BE APPLICABLE TO YOUR BUSINESS? WHY? DISCUSS IN THE GROUP.
- READ MORE ABOUT BOTTOM UP MANAGEMENT:
[HTTPS://BLOG.KAINEXUS.COM/CONTINUOUS-IMPROVEMENT/BOTTOM-UP-IMPROVEMENT/THE-TRICK-TO-IMPLEMENTING-EFFICIENT-BOTTOM-UP-IMPROVEMENT](https://blog.kainexus.com/continuous-improvement/bottom-up-improvement/the-trick-to-implementing-efficient-bottom-up-improvement)
- WATCH THE VIDEO ABOUT DIFFERENT MANAGEMENT STYLES:
[HTTPS://WWW.YOUTUBE.COM/WATCH?V=-WAROT5SU2G&t=18S](https://www.youtube.com/watch?v=-WAROT5SU2G&t=18s)

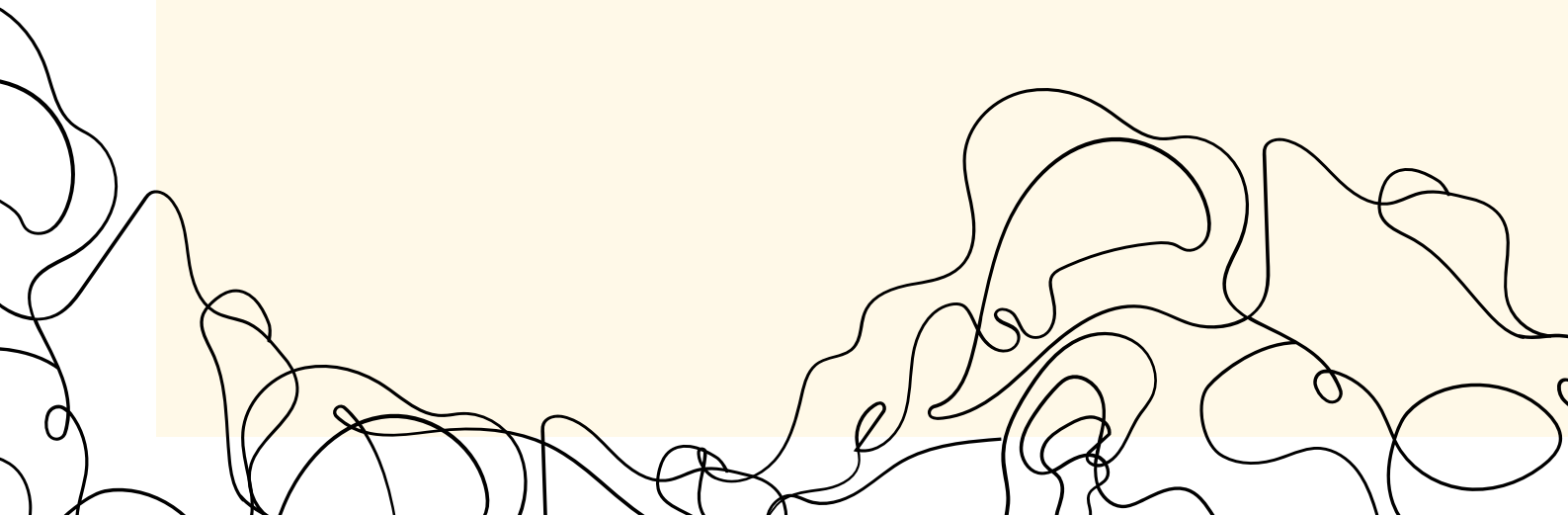
1.2. THE BUSINESS PLAN

A BUSINESS PLAN IS A WRITTEN DOCUMENT, NOT LONGER THAN 15-20 PAGES, IN WHICH YOU DESCRIBE THE BUSINESS'S ACTIVITIES, SHORT- OR MEDIUM-TERM OBJECTIVES, AND HOW YOU WANT TO ACHIEVE THEM. THE BUSINESS PLAN IS NOT ONLY A TOOL FOR FINDING INVESTORS, POTENTIAL PARTNERS, OR WHEN SEEKING FUNDING. FOLLOWING IT WILL HELP YOUR BUSINESS TO SUCCEED. IT IS RECOMMENDED TO PERIODICALLY REVIEW THE BUSINESS PLAN AND ADJUST IT IF NEEDED. EVERY BUSINESS PLAN IS DIFFERENT, HOWEVER, THERE ARE SOME ELEMENTS THAT SHOULD BE FOUND IN ALL OF THEM.

EXECUTIVE SUMMARY

THIS IS A SHORT SUMMARY (1 PAGE) OF YOUR BUSINESS'S MOST IMPORTANT INFORMATION. THIS PART SHOULD INCLUDE YOUR INSPIRATIONAL AND EMOTIONAL MISSION STATEMENT, THE REASON WHY YOUR BUSINESS EXISTS, AND YOUR ORGANISATIONAL STRUCTURE. HOW TO WRITE AN EXECUTIVE SUMMARY?

- START WITH THE PROBLEM THAT YOUR BUSINESS WILL SOLVE OR THE NEED IT WILL MEET.
- DESCRIBE THE RECOMMENDED SOLUTION

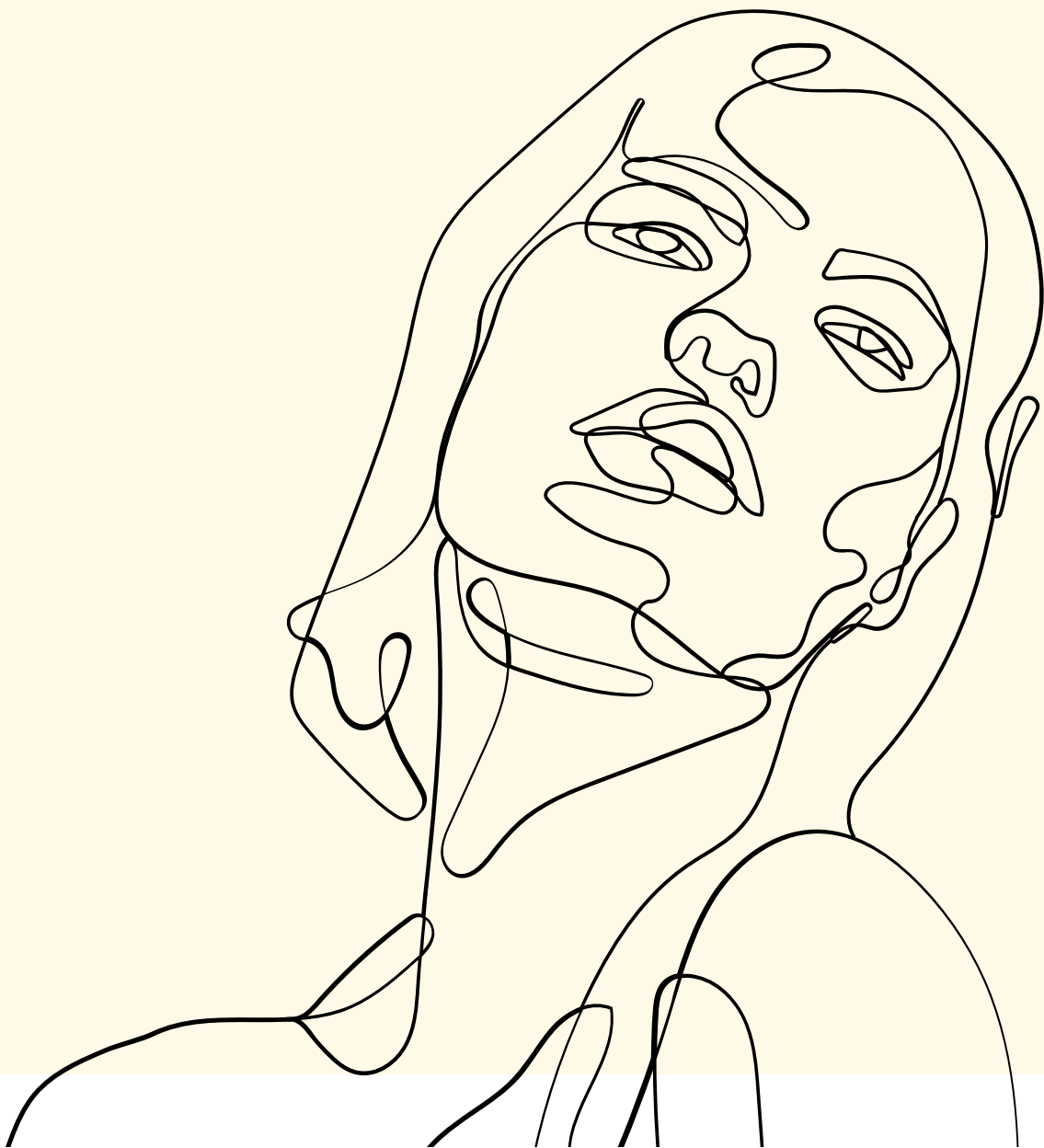


- EXPLAIN THE VALUE OF YOUR SOLUTION.
- CONCLUDE WITH THE IMPORTANCE OF BUSINESS, EXPLAIN WHY IT MATTERS TO OFFER YOUR SOLUTION TO THE PROBLEM
- EXPLAIN THE NEXT STEPS, GOALS

EXERCISE

WRITE AN EXECUTIVE SUMMARY FOR YOUR BUSINESS. YOU CAN USE ONE OF THE TEMPLATES FROM HERE:

[HTTPS://WWW.DOCFORMATS.COM/EXECUTIVE-SUMMARY-EXAMPLE/](https://www.docformats.com/executive-summary-example/)



BUSINESS DESCRIPTION (PRODUCTS AND SERVICES)

THIS SECTION DESCRIBES THE PRODUCTS AND SERVICES IN DETAIL, THEIR BENEFITS, AND EVEN THEIR PRICING. IT CAN ALSO INCLUDE THE MANUFACTURING PROCESS, MAJOR MILESTONES, YOUR STORY, AND THE OBJECTIVES. YOUR CLEARLY DEFINED GOALS SHOULD BE SMART:

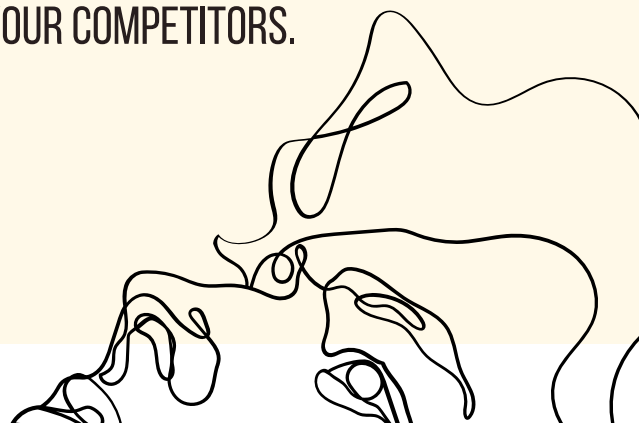
- SPECIFIC
- MEASURABLE
- ACHIEVABLE
- REALISTIC
- TIME-BOUND

EXERCISE

DESCRIBE GOALS FOR YOUR BUSINESS AND EXPLAIN HOW THEY FULFILL THE SMART CRITERIA. CHECK HERE:

[HTTPS://WWW.ATLASSIAN.COM/BLOG/PRODUCTIVITY/HOW-TO-WRITE-SMART-GOALS](https://www.atlassian.com/blog/productivity/how-to-write-smart-goals)

THE BUSINESS DESCRIPTION SHOULD ALWAYS INCLUDE THE BASIC INFORMATION ABOUT YOUR BUSINESS, I.E. THE BUSINESS'S NAME AND LOCATION, WHAT YOU ARE DOING, WHAT VALUE YOU ARE OFFERING, AND WHAT SETS YOUR BUSINESS APART FROM YOUR COMPETITORS.



MARKET ANALYSIS

THIS SECTION CONTAINS THE RESULTS OF YOUR TARGET MARKET'S ANALYSIS, BOTH ON THE DEMAND (CUSTOMERS) AND THE SUPPLY (COMPETITORS) SIDE. THERE ARE SEVERAL OPTIONS FOR DATA COLLECTION: YOU CAN DO RESEARCH ON YOUR COMPETITORS ON THE INTERNET, AND IN PRINT MEDIA, PERSONALLY COLLECT THE DATA BY MAPPING THE PHYSICAL MARKET, OR USE THE AVAILABLE STATISTICS. YOUR ANALYSIS SHOULD BE BASED ON YOUR TARGET GROUP. THE RESULTS WILL ALLOW YOU TO IDENTIFY OPPORTUNITIES AND RISKS IN YOUR MARKET.

READ MORE ABOUT MARKET ANALYSIS:
[HTTPS://WWW.IONOS.COM/STARTUPGUIDE/GROW-YOUR-BUSINESS/MARKET-ANALYSIS-DEFINITION/](https://www.ionos.com/startupguide/grow-your-business/market-analysis-definition/)

MARKETING STRATEGY

THIS PART DESCRIBES THE STRATEGY OF HOW THE BUSINESS AIMS TO REACH OUT TO POTENTIAL CONSUMERS AND HOW TO TURN THEM INTO CUSTOMERS FOR ITS PRODUCTS/SERVICES AND KEEP THEM. THE MARKETING STRATEGY CONTAINS THE BUSINESS'S VALUE PROPOSITION AND THE BRAND MESSAGE, THAT YOUR PRODUCTS, YOUR VERBAL AND NON-VERBAL COMMUNICATION CONVEY TO THE TARGET AUDIENCE TO EXPRESS WHAT YOU DO AND HOW YOUR BUSINESS DIFFERS FROM OTHERS. IT ALSO INCLUDES INFORMATION ON THE CUSTOMER TARGET GROUP, THE COMPETITION, THE CURRENT MARKETING POSITIONING, AND THE KEY PERFORMANCE INDICATORS.



WHAT ARE THE KEY PERFORMANCE INDICATORS (KPI)?

KEY PERFORMANCE INDICATORS (KPI) ARE DEFINED AS CONCRETE PARAMETERS FOR MEASURING THE BUSINESS'S PERFORMANCE, IN ACCORDANCE WITH THE BUSINESS GOALS. IT IS VERY IMPORTANT TO CREATE GOOD KPIS FOR YOUR BUSINESS BECAUSE THEY ARE CAPABLE OF PROVIDING OBJECTIVE EVIDENCE OF WHETHER YOUR ACTIVITIES ARE DE FACTO LEADING TOWARDS THE OBJECTIVES THAT YOU HAVE SET FOR YOUR BUSINESS. GOOD KPIS ARE ALWAYS AS SPECIFIC AS POSSIBLE. E.G. REACHING 1000 NEW CUSTOMERS WITHIN 3 MONTHS. KPIS MUST BE CLEARLY MEASURABLE AND TIME-BOUND, E.G. IN PERCENTAGE, NUMBERS, OR IN MONEY WITHIN A CERTAIN PERIOD OF TIME. ALSO, THEY MUST BE REALISTICALLY ACHIEVABLE, EVALUATED REGULARLY, AND ADJUSTED, IF NEEDED.

READ MORE ABOUT KPIS:

[HTTPS://WWW.INVESTOPEDIA.COM/TERMS/K/KPI.ASP](https://www.investopedia.com/terms/k/kpi.asp)

WATCH A VIDEO ABOUT HOW TO CREATE GOOD KPIS:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=2TUWJTC2IFK](https://www.youtube.com/watch?v=2TUWJTC2IFK)

THE MARKETING STRATEGY WILL ALSO COVER THE 4PS OF THE MARKETING MIX, WHICH ARE THE KEY FACTORS IN MARKETING A PRODUCT OR A SERVICE.

- PRODUCT (THE PRODUCT OR SERVICE ITSELF)
- PRICE (WHAT THE CUSTOMER PAYS FOR THE PRODUCT/SERVICE)

- PLACEMENT (WHERE THE PRODUCT/SERVICE SHOULD BE SOLD, HOW IT SHOULD BE DELIVERED)
- PROMOTION (ADVERTISING, PUBLIC RELATIONS, AND PROMOTIONAL STRATEGY)

THERE ARE ADDITIONAL ELEMENTS THAT CAN BE ADDED TO THE MARKETING MIX:

- PEOPLE (THE PEOPLE WHO WORK FOR YOUR BUSINESS)
- PROCESSES (THE DELIVERY OF YOUR SERVICE)
- PACKAGING (IT IS AN IMPORTANT MARKETING ASSET, IT HAS A GREAT INFLUENCE ON BRAND IMAGE, AND CAN BE A SOURCE OF INFORMATION)
- PHYSICAL EVIDENCE (ALMOST ALL SERVICES INCLUDE ALSO PHYSICAL ELEMENTS, I.E. CONFIRMATION EMAILS, BUSINESS CARDS, ETC.)

READ MORE ABOUT THE MARKETING MIX STRATEGY:
[HTTPS://BLOG.AVADA.IO/RESOURCES/MARKETING-MIX-STRATEGY.HTML](https://blog.avada.io/resources/marketing-mix-strategy.html)

HOW TO WRITE A STRATEGIC MARKETING PLAN:
[HTTPS://VTLDESIGN.COM/DIGITAL-MARKETING/DIGITAL-MARKETING-STRATEGY/HOW-TO-WRITE-MARKETING-PLAN-TEMPLATE/](https://vtl.design.com/digital-marketing/digital-marketing-strategy/how-to-write-marketing-plan-template/)



MARKETING PLAN

IN SMALL BUSINESSES, THE MARKETING STRATEGIC PLAN AND THE MARKETING PLAN CAN BE MERGED INTO ONE DOCUMENT. HOWEVER, THE LATTER IS MORE OF AN OPERATIONAL DOCUMENT, WHICH DETAILS THE OUTREACH AND PR CAMPAIGNS OVER A PERIOD (USUALLY 1 YEAR) IN ACCORDANCE WITH THE MARKETING STRATEGY. THE MARKETING PLAN SHOULD, IN ADDITION TO THE MARKETING OBJECTIVES (HERE AGAIN, USE SMART GOALS), INCLUDE:

- A LIST OF ALL MARKETING ACTIONS SCHEDULED FOR THE PERIOD.
- A TIMELINE FOR THE MARKETING ACTIVITIES
- THE ASSIGNMENT OF TASKS AND RESPONSIBILITIES OF THE DIFFERENT MARKETING ACTIVITIES
- A DETAILED BUDGET OF THE FUNDS AND RESOURCES REQUIRED TO CARRY OUT THE MARKETING ACTIVITIES IDENTIFIED IN THE MARKETING PLAN
- MONITORING AND PERFORMANCE EVALUATION METRICS AND TOOLS

THE MARKETING PLAN SHOULD BE REVIEWED PERIODICALLY AND ADAPTED IF NEEDED.

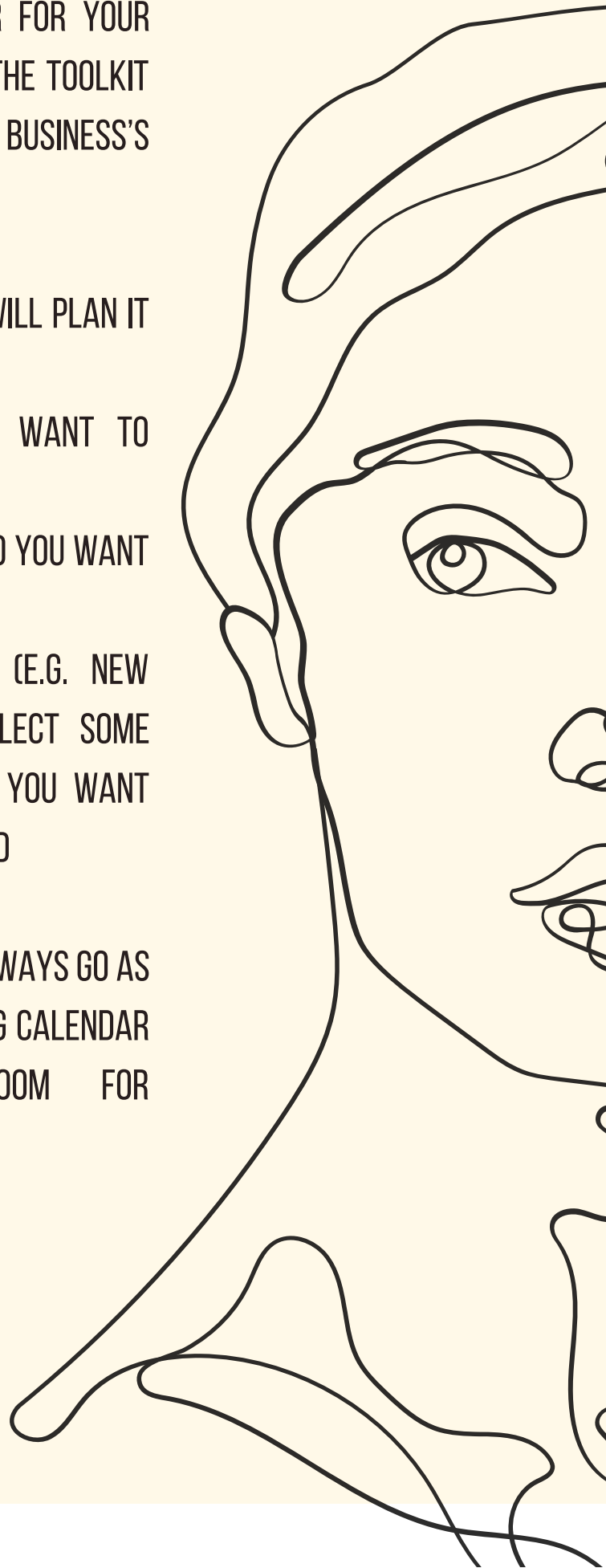


EXERCISE

CREATE A **MARKETING CALENDAR** FOR YOUR BUSINESS. USE THE TEMPLATE IN THE TOOLKIT AND AMEND IT ACCORDING TO YOUR BUSINESS'S PROFILE AND GOALS:

1. DETERMINE HOW LONG YOU WILL PLAN IT FOR (1 MONTH, 1 YEAR)
2. WHICH CHANNELS DO YOU WANT TO INCLUDE?
3. WHAT KIND OF CAMPAIGNS DO YOU WANT TO RUN?
4. IDENTIFY KEY MILESTONES (E.G. NEW PRODUCT LAUNCH) AND SELECT SOME HOLIDAYS/OCCASIONS THAT YOU WANT TO BUILD A CAMPAIGN AROUND

REMEMBER, THAT THINGS DON'T ALWAYS GO AS PLANNED. ALLOW YOUR MARKETING CALENDAR SOME FLEXIBILITY AND ROOM FOR ADJUSTMENT.



	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Web Assets												
Online Advertising (PPC)												
Review & revise PPC campaigns; landing page strategy & development; test, measure & revise												
Technical Issues												
Run, review technical architecture report to access and correct website penalties												
Analytics												
SEO checklist details in place; GA & HubSpot tracking across website and PPC; assess other measurement tools												
Measurement												
Monthly analysis, review and recommendations based on monthly stats												
Content												
Optimization												
Optimize available static page website content as needed												
Additional static content written and optimize as needed (TBD)												
Review blog strategy; revise as needed with editorial content calendar												
Develop CTA strategy for lead generation through HubSpot												
Consider other content marketing strategies: e-books, videos, mobile app, etc.												
Provide guidance in organic email marketing strategy												
Social Media												
Social Marketing												
LinkedIn company page best practice guidance												
Twitter best practices guidance												
Social media training for key staff (as needed)												
Expand social media engagement among staff and available resources												
Integration of Pilgrim's other marketing initiatives into social media strategies												
Tools/Technology												
Email Service Provider selection												
Advanced Analytics												
Marketing Automation												
Social Media Management												

[HTTPS://GANTTSHEMA.COM/MANAGEMENT/MARKETING-PLAN-TEMPLATE](https://ganttschema.com/management/marketing-plan-template)

YOU CAN USE DIFFERENT TYPES OF CALENDARS FOR YOUR BUSINESS. SOME EXAMPLES ARE: GOOGLE SHEETS: ONLINE SPREADSHEET EDITOR, GOOGLE CALENDAR, TRELLO, ETC.

FINANCIAL PLANNING AND BUDGET

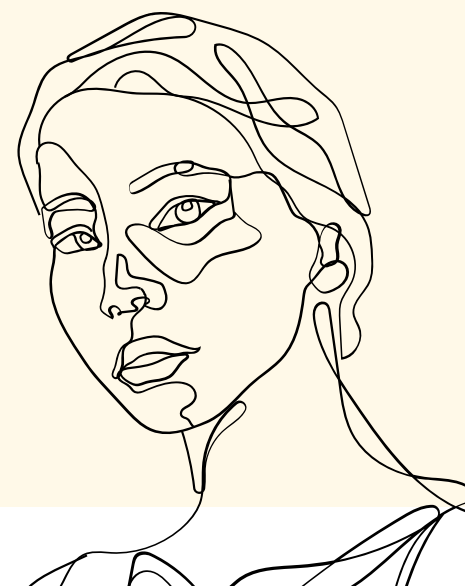
THIS PART OF THE BUSINESS PLAN INCLUDES ALL THE FINANCIAL INFORMATION AND FUTURE PROJECTIONS OF YOUR BUSINESS. FOR STARTUPS, IT SHOULD CONTAIN TARGETS FOR THE FIRST YEAR, FOR ALREADY OPERATING BUSINESSES' FINANCIAL STATEMENTS AND BALANCE SHEETS. THE BUDGET SECTION SHOULD INCLUDE ALL COSTS AND EXPENSES RELATED TO THE BUSINESS (MANUFACTURING, MARKETING, STAFF, ETC.) WHEN SETTING UP YOUR FINANCIAL PLAN, ESPECIALLY IN THE CASE OF A START-UP BUSINESS, IT IS USEFUL TO CREATE AN EXCEL SHEET WITH ALL YOUR EXPECTED COSTS AND REVENUES. YOUR FINANCIAL PLAN SHOULD RUN FOR AT LEAST 3 YEARS (BUT NOT LONGER THAN 5 YEARS), IT IS USEFUL TO EVEN DIVIDE THE FIRST YEAR INTO MONTHS.



THE FINANCIAL PLAN SHOULD INCLUDE:

- **REVENUES:** YOU CAN CALCULATE YOUR ESTIMATED SALES REVENUE BY ANALYSING WHO YOUR CUSTOMERS ARE, HOW BIG YOUR CUSTOMER BASE IS, HOW YOU CAN REACH THEM, HOW MUCH OF YOUR PRODUCT/SERVICE THEY WILL BUY, AND HOW YOUR COMPETITORS PERFORM.
- **EXPENDITURES ARE DIVIDED INTO SUBTYPES:**
 - **MATERIAL COSTS:** THESE CAN VARY DEPENDING ON THE ACTIVITIES OF YOUR BUSINESS, BUT TYPICALLY RENTS, TRANSPORT COSTS, RAW MATERIALS, TRAVEL COSTS, AND ENERGY COSTS ARE INCLUDED HERE
 - **WAGE-COSTS:** WAGES AND SALARIES, FEES AND COMMISSIONS TO ALL THOSE WHO CONTRIBUTE TO THE OPERATION OF THE COMPANY
 - **OTHER, PERMANENT EXPENDITURES:** E.G. BANK CHARGES, INSURANCE, LEGAL FEES, LOCAL TAXES

- **FIXED ASSETS:** INVESTMENTS, RENOVATION, DEVELOPMENT, AND DEPRECIATION BELONG TO THIS SECTION. DEPRECIATION CAN BE IMPORTANT IF YOU HAVE A HIGH-VALUE INVESTMENT (E.G. MACHINES FOR PRODUCTION) IT CAN BE DEDUCTED FROM YOUR TAXES AND REPRESENTS A CASH OUTFLOW BECAUSE IT RECOGNIZES IMPAIRMENT OF THE ASSET. THIS IS ESPECIALLY IMPORTANT WHEN PLANNING YOUR CASH FLOW. YOU HAVE TO DIVIDE YOUR EXPENDITURES INTO FIXED COSTS (WHICH YOU HAVE TO PAY IN ALL CASES, EVEN IF THERE IS NO REVENUE) AND VARIABLE COSTS (WHICH DEPEND ON THE BUSINESS'S EXPANSION). IT IS NECESSARY TO CALCULATE HERE THE MINIMUM LEVEL OF SALES NECESSARY FOR YOUR BUSINESS TO BECOME PROFITABLE.
- **INVESTMENTS:** HIGH-VALUE INVESTMENTS MUST BE PLANNED IN ACCORDANCE WITH THE LAUNCH AND THE GROWTH OF THE BUSINESS.
- **FINANCING:** OWN RESOURCES, EXTERNAL FINANCING (E.G. CREDITS), AND THE EXPENDITURES ARE PLANNED IN THIS SECTION
- **CASH-FLOW:** HERE ALL EXPENDITURES (CASH OUTFLOW) AND THEIR FINANCING (CASH INFLOW) IS TRACKED. IT IS RECOMMENDED TO ALSO CREATE A MONTHLY CASH-FLOW FORECAST AND WHILE ALSO TRACKING THE ACTUAL MONTHLY CASH-FLOW.⁵



⁵ STARTUP GUIDE, PRESS ONLINE, 2021, PAGE 20-22

- **BALANCE SHEET:** THIS DOCUMENT SHOWS WHAT THE COMPANY OWES AND OWNS AT A CERTAIN POINT IN TIME. IT IS A FINANCIAL STATEMENT SHOWING THE ASSETS, LIABILITIES, AND EQUITY OF A BUSINESS, WHICH EQUALS ITS NET WORTH. THE BALANCE SHEET IS USUALLY PREPARED AT THE CLOSE OF AN ACCOUNTING PERIOD, SUCH AS MONTH-END, QUARTER-END, OR YEAR-END, AND SHOULD ALWAYS BALANCE, I.E. **ASSETS=LIABILITIES+ EQUITY.**
 - **ASSETS:** CURRENT ASSETS (LIKE CASH, SECURITIES, AND ACCOUNTS RECEIVABLE), PROPERTY AND EQUIPMENT (LONGER TERM ASSETS), INVESTMENTS, AND INTANGIBLE ASSETS
 - **LIABILITIES:** CURRENT (DEBTS DUE WITHIN 12 MONTHS) AND LONGTERM LIABILITIES (E.G. LOANS FOR BUILDINGS)
 - **EQUITY:** THIS IS THE DIFFERENCE BETWEEN YOUR ASSETS AND LIABILITIES, THIS IS THE OWNERS (AND SHAREHOLDERS') INVESTMENT AND RETAINED EARNINGS

WATCH VIDEO:

[HTTPS://WWW.INVESTOPEDIA.COM/TERMS/B/BALANCESHEET.ASP](https://www.investopedia.com/terms/b/balancesheet.asp)

EXERCISE

DOWNLOAD THE CASH-FLOW TEMPLATE FROM THE TOOLKIT. CREATE A FICTITIOUS CASH FLOW OF YOUR BUSINESS FOR ONE MONTH INCLUDING ALL TYPES OF MONTHLY EXPENDITURES AND THE CASH INFLOW.

READ MORE ABOUT THE BUSINESS PLAN:

[HTTPS://WWW.SHOPIFY.COM/BLOG/BUSINESS-PLAN-EXAMPLES#2](https://www.shopify.com/blog/business-plan-examples#2)

EXAMPLES FOR BUSINESS PLANS:

[HTTPS://WWW.BPLANS.COM/SAMPLE-BUSINESS-PLANS/](https://www.bplans.com/sample-business-plans/)

1.3. BUSINESS OPERATIONS

WHEN YOU RUN A SMALL BUSINESS, YOU HAVE TO HAVE AN OVERVIEW OF HOW YOUR STRATEGIES AND PLANS WILL BE IMPLEMENTED INTO THE DAILY TASKS. OPERATIONS IS THE MANAGEMENT OF ALL INTERNAL SYSTEMS, PROCESSES AND WAYS OF WORKING OF A BUSINESS IN ORDER TO MAKE IT OPERATE AS EFFICIENTLY AS POSSIBLE. IT IS RECOMMENDABLE TO SUPPLEMENT YOUR STRATEGIC BUSINESS PLAN WITH AN OPERATIONS PLAN CONTAINING THE SPECIFIC STEPS NEEDED TO ACHIEVE YOUR OBJECTIVES.

THE **BUSINESS OPERATIONS PLAN** IS ABOUT HOW YOUR BUSINESS WORKS, INCLUDING MANUFACTURING AND THE ORGANISATION ITSELF, SO YOU REVIEW AND PLAN ALL THE RESOURCES IN YOUR BUSINESS. YOU NEED TO DESCRIBE THE PHYSICAL LOCATION AND THE EQUIPMENT, HOW YOU WANT TO PRODUCE YOUR PRODUCT OR PROVIDE YOUR SERVICE, WHO YOU WILL RELY ON (E.G. SUPPLIERS), AND WHAT PROCEDURES/PROCESSES YOU USE OR WANT TO APPLY. IT IS IMPORTANT TO LIST YOUR AVAILABLE RESOURCES AND THE ONES YOU WILL NEED, AND ASSIGN COSTS TO THEM.

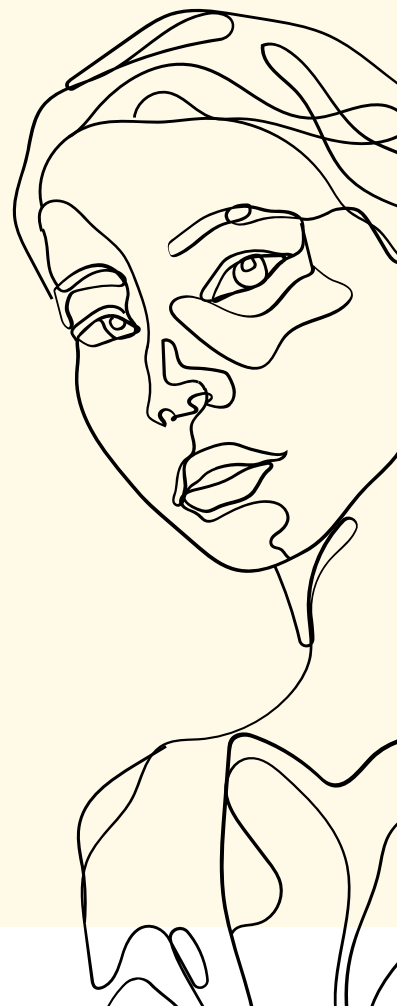
THE OPERATION PLAN SHOULD ANSWER THE FOLLOWING QUESTIONS:

- WHAT ARE THE OPERATIONAL OBJECTIVES?
- WHAT ARE THE TASKS THAT NEED TO BE ACCOMPLISHED IN ORDER TO REACH THE OBJECTIVES?
- WHO IS RESPONSIBLE FOR THESE ACTIVITIES?
- WHAT IS THE TIMELINE?
- HOW WILL THE ACTIVITIES BE MONITORED AND EVALUATED?
- WHAT IS THE BUDGET FOR THE ACTIVITIES?

YOUR OPERATION PLAN MUST CONTAIN A STEP-BY-STEP DESCRIPTION OF YOUR DESIGN AND PRODUCTION PROCESS, INCLUDING WHO YOUR SUPPLIERS ARE, THEIR PRICES AND CONDITIONS, AS WELL AS QUALITY STANDARDS AND CONTROL MEASURES AND HOW THEY WILL BE APPLIED. IN ADDITION TO PRODUCTION, MARKETING, SALES, LOGISTICS, AND POSSIBLY HUMAN RESOURCES ACTIVITIES, ALL DAY-TO-DAY TASKS SHOULD BE DESCRIBED, AS WELL AS THE TIME OF OPERATION (AND BUSINESS HOURS/OPENING HOURS) AND THE LOCATION WHERE THE BUSINESS OPERATES. IT IS ADVISABLE TO INCLUDE AN IMPLEMENTATION TIMETABLE (WITH CLEAR DEADLINES) TO YOUR OPERATION PLAN AND HOW THE TASKS AND RESPONSIBILITIES WILL BE SHARED AMONG THE PEOPLE INVOLVED IN THE BUSINESS'S ACTIVITIES. FOR MEASURING THE EFFECTIVENESS OF YOUR OPERATIONS YOU HAVE TO DEFINE YOUR KEY PERFORMANCE INDICATORS (KPIs), EG. REVENUE GROWTH OR CUSTOMER SATISFACTION.

TIPS FOR MANAGING A SMALL BUSINESS'S OPERATIONS:

- DEFINE CLEAR AND SMART OBJECTIVES
- HAVE CLEAR PROCESSES AND RESPONSIBILITIES
- KNOW YOUR PROCESSES
- DOCUMENT YOUR PROCESSES
- KEEP EVERYTHING TRANSPARENT
- CHOOSE THE RIGHT PEOPLE TO WORK WITH
- PRIORITISE AND DELEGATE TASKS
- COMMUNICATE WELL, GIVE AND ASK FOR FEEDBACK



- PROVIDE GOOD CUSTOMER SERVICE
- MEET THE DEADLINES
- EVALUATE OUTCOMES
- BE FLEXIBLE, ADAPT IF NEEDED

WATCH THE VIDEO:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=LHKITBTIBUG](https://www.youtube.com/watch?v=LHKITBTIBUG)

READ MORE ABOUT THE BUSINESS PLAN:

[HTTPS://QUICKBOOKS.INTUIT.COM/R/STARTING-A-BUSINESS/BUSINESS-PLAN-TEMPLATE/](https://quickbooks.intuit.com/r/starting-a-business/business-plan-template/)



UNIT 2 - MANAGEMENT OF INTELLECTUAL PROPERTY

IN THE CULTURAL AND CREATIVE MARKET, YOUR CREATIVITY AND YOUR IDEAS WILL MOST LIKELY BE ONE OF YOUR MOST VALUABLE CAPITAL, THE STARTING POINT FOR YOUR BUSINESS. YOUR INTELLECTUAL CAPITAL MUST BECOME A FORM OF PROPERTY THAT CAN BE PROTECTED AND ALSO TRADED.



2.1 WHAT IS INTELLECTUAL PROPERTY?

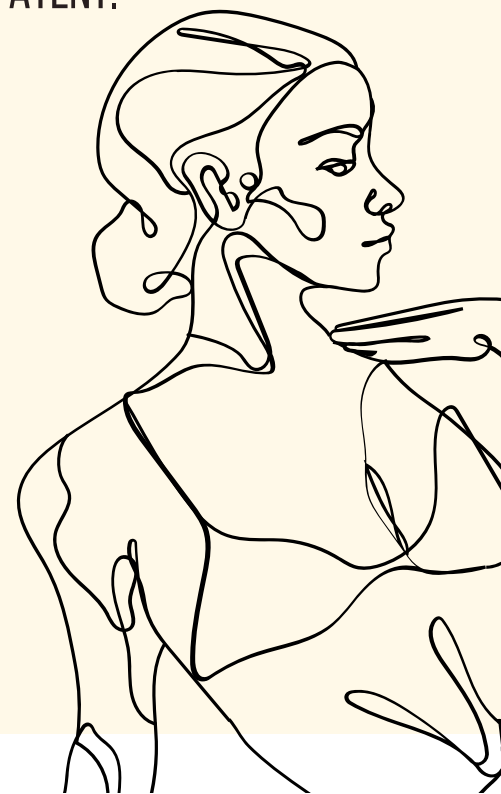
INTELLECTUAL PROPERTY IS A CATEGORY OF PROPERTY THAT INCLUDES INTANGIBLE CREATIONS OF THE HUMAN INTELLECT. THERE ARE MANY TYPES OF INTELLECTUAL PROPERTY, AND SOME COUNTRIES RECOGNIZE MORE THAN OTHERS.⁶ AN INTANGIBLE ASSET IS A NON-PHYSICAL ASSET OWNED AND LEGALLY PROTECTED BY A COMPANY OR A PERSON. THE DIFFERENT TYPES OF INTELLECTUAL PROPERTY ARE: PATENTS, TRADEMARKS, COPYRIGHTS, DESIGN RIGHTS, FRANCHISES, AND TRADE SECRETS.

⁶ [HTTPS://EN.WIKIPEDIA.ORG/WIKI/INTELLECTUAL_PROPERTY](https://en.wikipedia.org/wiki/Intellectual_Property)

A PATENT IS AN EXCLUSIVE RIGHT GRANTED FOR AN INVENTION IN THE EU USUALLY FOR 20 YEARS. AN INVENTION IS A SOLUTION TO A SPECIFIC TECHNOLOGICAL PROBLEM, WHICH MAY BE A PRODUCT OR A PROCESS AND GENERALLY HAS TO FULFILL THREE MAIN REQUIREMENTS: IT HAS TO BE NEW, NOT OBVIOUS AND THERE NEEDS TO BE AN INDUSTRIAL APPLICABILITY.⁷ IN ORDER TO OBTAIN A PATENT, THE TECHNICAL INFORMATION ABOUT THE INVENTION MUST BE DISCLOSED IN THE PATENT APPLICATION TO THE NATIONAL PATENT OFFICE (IF THE PATENT IS ONLY REQUESTED FOR ONE COUNTRY) OR THE EUROPEAN PATENT OFFICE (EPO) FOR EUROPE-WIDE PATENT REQUESTS. IF YOU NEED AN INTERNATIONAL PATENT, YOU HAVE TO REGISTER AT THE WORLD INTELLECTUAL PROPERTY ORGANISATION (WIPO) THE OWNER OF THE PATENT MAY GRANT PERMISSION OR LICENSE TO OTHER PARTIES TO USE THE INVENTION UNDER MUTUALLY AGREED CONDITIONS. THE OWNER MAY ALSO SELL THE RIGHT TO THE INVENTION TO ANOTHER PERSON, WHO WILL HENCEFORTH BECOME THE NEW OWNER OF THE PATENT. WHEN A PATENT EXPIRES, PROTECTION EXPIRES AND THE INVENTION BECOMES PUBLIC DOMAIN AND THEREFORE ANYONE CAN EXPLOIT THE INVENTION FOR COMMERCIAL PURPOSES WITHOUT INFRINGING THE PATENT.⁸

⁷ [HTTPS://EN.WIKIPEDIA.ORG/WIKI/INTELLECTUAL_PROPERTY#PATENTS](https://en.wikipedia.org/wiki/Intellectual_Property#Patents)

⁸ [HTTPS://WWW.WIPO.INT/PATENTS/EN/FAQ_PATENTS.HTML](https://www.wipo.int/patents/en/faq_patents.html)



A TRADEMARK IS A RECOGNISABLE SIGN, DESIGN OR EXPRESSION WHICH DISTINGUISHES PRODUCTS OR SERVICES OF A PARTICULAR TRADER FROM SIMILAR PRODUCTS OR SERVICES OF OTHER TRADERS. A TRADEMARK IS EXCLUSIVELY ASSIGNED TO A COMPANY, MEANING THE COMPANY OWNS THE TRADEMARK SO THAT NO OTHERS MAY USE OR COPY IT. A TRADEMARK IS OFTEN ASSOCIATED WITH A COMPANY'S BRAND, LIKE A PHRASE, A SYMBOL, A LOGO, A COLOR, OR SPECIFIC PATTERNS. THE DURATION FOR TRADEMARK PROTECTION IS 10 YEARS IN MOST EUROPEAN COUNTRIES, WITH THE POSSIBILITY OF RENEWAL. IF YOU NEED YOUR TRADEMARK REGISTERED IN ONLY ONE COUNTRY, YOU HAVE TO APPLY AT THE NATIONAL AGENCY. IF YOU NEED PROTECTION IN ALL EUROPEAN COUNTRIES, YOU NEED TO REGISTER AT THE EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE (EUIPO). FOR INTERNATIONAL PROTECTION YOU CAN REGISTER AT THE WORLD INTELLECTUAL PROPERTY ORGANISATION (WIPO).⁹

COPYRIGHT IS A TYPE OF INTELLECTUAL PROPERTY (ORIGINAL LITERARY, SCIENTIFIC AND ARTISTIC WORK, SUCH AS POEMS, ARTICLES, FILMS, SONGS OR SCULPTURES, ETC.) THAT GIVES ITS OWNER THE EXCLUSIVE RIGHT TO COPY, PUBLISH OR REPRODUCE A CREATIVE WORK, USUALLY FOR A LIMITED TIME. IN THE 28 EU MEMBER STATES, COPYRIGHT PROTECTS YOUR INTELLECTUAL PROPERTY UNTIL 70 YEARS AFTER YOUR DEATH OR 70 YEARS AFTER THE DEATH OF THE LAST SURVIVING AUTHOR IN THE CASE OF A WORK OF JOINT AUTHORSHIP.¹⁰ OUTSIDE OF THE EU THE PROTECTION OF COPYRIGHT MIGHT VARY. WHEN YOU CREATE AN ORIGINAL WORK, YOU AUTOMATICALLY

⁹ [HTTPS://EUROPA.EU/YOUREUROPE/BUSINESS/RUNNING-BUSINESS/INTELLECTUAL-PROPERTY/TRADE-MARKS/INDEX_EN.HTM](https://europa.eu/youreurope/business/running-business/intellectual-property/trade-marks/index_en.htm)

¹⁰ [HTTPS://EUROPA.EU/YOUREUROPE/BUSINESS/RUNNING-BUSINESS/INTELLECTUAL-PROPERTY/COPYRIGHT/INDEX_EN.HTM](https://europa.eu/youreurope/business/running-business/intellectual-property/copyright/index_en.htm)

HAVE COPYRIGHT PROTECTION, THERE IS NO FORMAL APPLICATION PROCESS. IT IS RECOMMENDED TO ATTACH A COPYRIGHT NOTICE TO YOUR WORK, LIKE “ALL RIGHTS RESERVED” OR THE © SYMBOL.

READ FOR MORE INFORMATION

EUROPEAN INTELLECTUAL PROPERTY OFFICE:

[HTTPS://EUIPO.EUROPA.EU/OHIMPORTAL/EN](https://euipo.europa.eu/ohimportal/en)

THE EUROPEAN COMMISSION MONITORS PATENT RULES ACROSS THE EU:

[HTTPS://EC.EUROPA.EU/GROWTH/INDUSTRY/STRATEGY/INTELLECTUAL-PROPERTY/PATENT-PROTECTION-EU_EN](https://ec.europa.eu/growth/industry/strategy/intellectual-property/patent-protection-eu_en)

VISIT EUROPEAN PATENT OFFICE:

[HTTPS://WWW.EPO.ORG/](https://www.epo.org/)

PATENT OFFICES OF EU MEMBER STATES:

[HTTPS://WWW.EPO.ORG/SERVICE-SUPPORT/USEFUL-LINKS/NATIONAL-OFFICES.HTML](https://www.epo.org/service-support/useful-links/national-offices.html)

INTERNATIONAL PATENT: WORLD INTELLECTUAL PROPERTY ORGANISATION:

[HTTPS://WWW.WIPO.INT/PORTAL/EN/](https://www.wipo.int/portal/en/)

NATIONAL TRADEMARK REGISTRATION:

[HTTPS://WWW.TMDN.ORG/#/MEMBERS](https://www.tmdn.org/#/members)

EU COPYRIGHT LEGISLATION:

[HTTPS://DIGITAL-STRATEGY.EC.EUROPA.EU/EN/POLICIES/COPYRIGHT-LEGISLATION](https://digital-strategy.ec.europa.eu/en/policies/copyright-legislation)



INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

A PATENT INFRINGEMENT IS WHEN A LEGALLY PROTECTED PATENT IS USED BY ANOTHER PERSON OR COMPANY WITHOUT PERMISSION. AFTER THE EXPIRATION DATE OF THE PATENT, THE DETAILS OF THE PATENT WILL BE MADE PUBLIC. TRADEMARK VIOLATION OCCURS WHEN AN UNAUTHORIZED PARTY USES A REGISTERED TRADEMARK OR A TRADEMARK VERY SIMILAR TO IT. COPYRIGHT INFRINGEMENT OCCURS WHEN AN UNAUTHORIZED PERSON REPRODUCES ALL, OR PARTS OF ORIGINAL WORK, SUCH AS A PIECE OF ART, MUSIC, OR TEXT. THIS IS ALSO ILLEGAL WHEN THE COPY IS NOT EXACTLY IDENTICAL TO THE ORIGINAL.

READ MORE ABOUT NFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS
[HTTPS://EUROPA.EU/YOUREUROPE/BUSINESS/RUNNING-BUSINESS/INTELLECTUAL-PROPERTY/INFRINGEMENT/INDEX_EN.HTM](https://europa.eu/youreurope/business/running-business/intellectual-property/infringement/index_en.htm)

2.2 HOW TO PROTECT YOUR INTELLECTUAL PROPERTY

DEFINE EXACTLY WHAT YOU WANT TO PROTECT AND WHY. IDENTIFY YOUR BUSINESS' INTELLECTUAL PROPERTY AND CATEGORIZE THEM ACCORDING TO THEIR VULNERABILITY. IF NECESSARY, NOT EVERYONE NEEDS TO HAVE ACCESS TO ALL PROTECTED INFORMATION WITHIN THE BUSINESS. IT IS IMPORTANT THAT YOU KNOW AND SEES WHO HAS ACCESS TO CONFIDENTIAL INFORMATION. IN ADDITION, SECURITY SYSTEMS MUST BE PUT IN PLACE TO ALERT YOU TO SUSPICIOUS OR UNAUTHORIZED ACTIVITY. DEVELOP EFFECTIVE MEASURES TO AVOID THREATS OUTSIDE AND INSIDE IT NETWORKS. MOST

OFTEN, CYBER-ATTACKS AND HACKING ARE THE CAUSE OF THE LOSS OF CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION STORED ON COMPUTER SYSTEMS CAN BE PROTECTED BY STORAGE ON SERVERS WITHOUT AN EXTERNAL INTERNET CONNECTION.

BE CAREFUL WHAT AND HOW MUCH INFORMATION YOU GIVE OUT TO YOUR PARTNERS, EVEN CONTRACT MANUFACTURERS. COMPETITORS MAY DISMANTLE OR ALTER AN OBJECT OR IDEA TO REPRODUCE IT. CERTAIN, OFTEN SMALL, CHANGES TO THE ORIGINAL CONCEPT MAY LEAD TO A NEW PRODUCT OR IDEA THAT CAN NOW BE PATENTED BY COMPETING COMPANIES AS THEIR OWN.

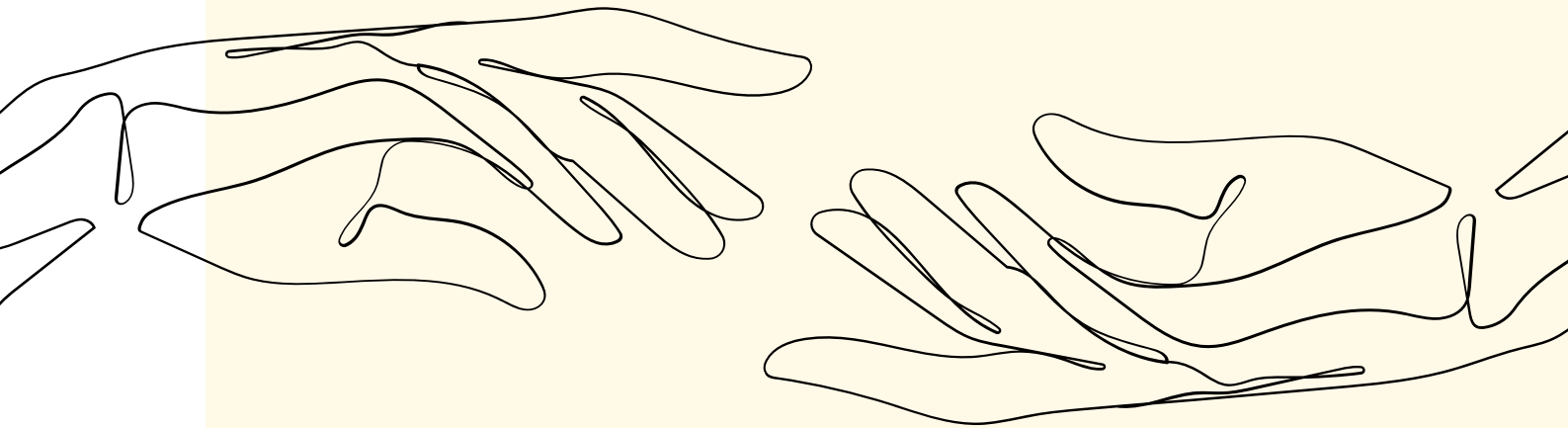
TIPS TO PROTECT YOUR INTELLECTUAL PROPERTY

- REGISTER TRADEMARKS, PATENTS, BRAND NAMES, PRODUCT, AND DOMAIN NAMES
- IMPLEMENT NON-DISCLOSURE AGREEMENTS WITH EMPLOYEES, IF NEEDED
- MAKE SURE EVERYONE WORKING IN YOUR BUSINESS IS AWARE OF THE POTENTIAL FOR INADVERTENT DISCLOSURES (PRIVATE EMAILS, SMS, ETC).
- CONSTANTLY REMIND EMPLOYEES HOW, WHY, AND WHY INFORMATION NEEDS TO BE PROTECTED
- IMPLEMENT SECURITY MEASURES
- WATERMARK YOUR IMAGES

- IF YOU NOTICE THAT SOMEONE IS USING YOUR INTELLECTUAL PROPERTY, INFORM THEM ABOUT IT AND ASK TO TERMINATE THIS ACTIVITY. (MOST OFTEN THE INFRINGEMENT IS UNINTENTIONAL AND NOT MALICIOUS (E.G. REPOST OF PHOTOS, ETC.)

EXERCISE

YOU ARE A REGULAR EXHIBITOR AT A CRAFT FAIR WITH YOUR SELF-DESIGNED AND HANDMADE PRODUCTS. ON ONE OCCASION, YOU NOTICE THAT A PRODUCT VERY SIMILAR IN MATERIAL AND FORM TO ONE OF YOUR SUCCESSFUL PRODUCTS APPEARED AT ANOTHER EXHIBITOR'S BOOTH. WHAT DO YOU DO? DISCUSS IN THE GROUP.



UNIT 3 - THE PRODUCT

WE CANNOT TALK ABOUT THE MANAGEMENT OF A BUSINESS WITHOUT DEALING WITH THE PRODUCT ITSELF, AS THIS IS WHAT THE BUSINESS IS BASED ON.

A PRODUCT IS A SET OF ATTRIBUTES (FEATURES, CHARACTERISTICS, BENEFITS, AND USES) THAT A PERSON RECEIVES DURING AN EXCHANGE, SO THE TERM PRODUCT REFERS TO EVERYTHING A COMPANY OFFERS TO ENSURE CUSTOMER SATISFACTION. A PRODUCT MAY BE AN IDEA (E.G. COLOR CONSULTING) , A PHYSICAL GOOD (E.G. A CERAMIC POT), A SERVICE (E.G. HAIRCUT), OR A COMBINATION OF THE THREE.¹¹ A PRODUCT CAN BE CLASSIFIED AS TANGIBLE OR INTANGIBLE. A TANGIBLE PRODUCT IS AN ACTUAL PHYSICAL OBJECT THAT IS TOUCHABLE SUCH AS A BUILDING, VEHICLE, GADGET, OR CLOTHING. AN INTANGIBLE PRODUCT IS A PRODUCT THAT CAN ONLY BE PERCEIVED INDIRECTLY SUCH AS AN INSURANCE POLICY. SERVICES CAN BE BROADLY CLASSIFIED UNDER INTANGIBLE PRODUCTS, WHICH CAN BE DURABLE OR NONDURABLE.¹²

A PRODUCT IS NOT ONLY A TANGIBLE THING THAT YOU BUY. IT IS ALSO SOMETHING THAT MEETS THE CUSTOMERS' NEEDS AND - THIS APPLIES ESPECIALLY IN THE CREATIVE AND ARTISTIC FIELD - IT WILL ALSO HAVE AN ABSTRACT VALUE, I.E. IT IS NOT ONLY THE ACTUAL PHYSICAL OBJECT THAT YOU PRODUCED, BUT IT ALSO INCLUDES YOUR CUSTOMERS' EXPECTATIONS AND PERCEPTIONS AND YOUR IDEAS AND CREATIVITY. EVEN IF THERE WILL BE AN OBJECT WITH VERY SIMILAR APPEARANCE OR PHYSICAL ATTRIBUTES ON THE MARKET, IT WILL IN REALITY BE A DIFFERENT PRODUCT FROM YOURS WITH DIFFERENT PRICING, POSITIONING, ETC. ANYTHING CAN BE A PRODUCT, THAT YOU OFFER FOR SALE, BUT YOU HAVE TO FIGURE OUT CAREFULLY THE PARAMETERS (ITS ATTRIBUTES) BY WHICH YOU WILL DEFINE IT. ALL PRODUCTS HAVE PREDEFINED PARAMETERS (QUANTITY, MATERIAL, CLASSIFICATION, ETC.) ACCORDING TO WHICH THEY ARE ACCOUNTED FOR.

¹¹ [HTTPS://COURSES.LUMENLEARNING.COM/MARKETING-SPRING2016/CHAPTER/READING-DEFINING-PRODUCT/#FOOTNOTE-4287-1](https://courses.lumenlearning.com/marketing-spring2016/chapter/reading-defining-product/#footnote-4287-1)

¹² [HTTPS://EN.WIKIPEDIA.ORG/WIKI/PRODUCT_\(BUSINESS\)](https://en.wikipedia.org/wiki/Product_(business))

PHILIP KOTLER DESCRIBED 5 PRODUCT LEVELS IN HIS BOOK MARKETING MANAGEMENT:¹³

1. **CORE PRODUCT** - THIS IS THE CORE BENEFIT OF THE PRODUCT, THE MOST BASIC NEED THAT THE CUSTOMER SATISFIES WHEN THEY BUY THE PRODUCT. A KEY ELEMENT IS THE UNIQUENESS OF THE PRODUCT. (E.G. YOU ARE HUNGRY AND HAVE LITTLE TIME)
2. **GENERIC PRODUCT** - THIS IS THE MOST BASIC VERSION OF THE PRODUCT, CONTAINING ONLY THE ATTRIBUTES WHICH ARE ABSOLUTELY NECESSARY FOR THE PRODUCT TO FUNCTION. (E.G. FAST FOOD HAMBURGERS, FRENCH FRIES, STREET FOOD LIKE A SLICE OF PIZZA. ETC)
3. **EXPECTED PRODUCT** - THESE ARE ALL THE FEATURES THE CUSTOMERS EXPECT TO GET WHEN THEY BUY THE PRODUCT (E.G. AT YOUR FAVORITE FAST FOOD RESTAURANT YOU EXPECT YOUR HAMBURGER TO TASTE GOOD, AND THAT YOU WILL GET IT FAST)
4. **AUGMENTED PRODUCT**- THESE ARE ALL THE FACTORS, ESPECIALLY BRAND IMAGE, THAT DIFFERENTIATE THE PRODUCT FROM THE COMPETITION (E.G. AT YOUR FAVORITE FAST FOOD RESTAURANT YOU CAN GET FRENCH FRIES AND A DRINK IN A COMBO MENU WITH THE HAMBURGER, THE RESTAURANT IS AIR-CONDITIONED, YOU HAVE A BIG SELECTION OF DIFFERENT HAMBURGERS)
5. **POTENTIAL PRODUCT**- THESE ARE THE CHANGES AND IMPROVEMENTS THAT THE PRODUCT WILL GO THROUGH IN THE FUTURE (E.G. LOYALTY CARD, SPECIAL OFFERS FOR REGULAR CUSTOMERS, MEAT-FREE HAMBURGER)

¹³ PHILIP KOTLER: MARKETING MANAGEMENT, 1967

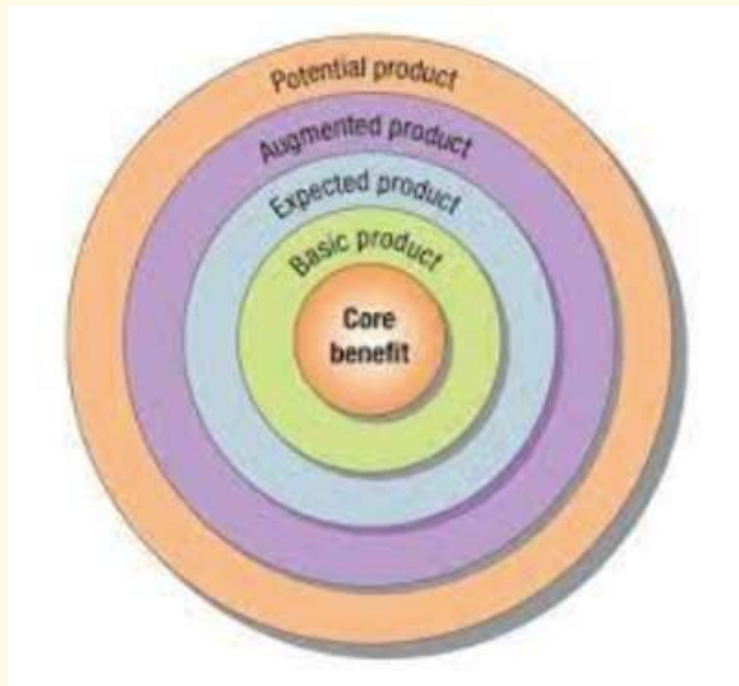


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¹³ PHILIP KOTLER: MARKETING MANAGEMENT, 1967





[HTTPS://THEINTACTONE.COM/2018/02/19/M-U2-TOPIC-3-PRODUCT-LEVELS/](https://theintactone.com/2018/02/19/m-u2-topic-3-product-levels/)

3.1. DEFINING THE PRODUCT

THE FOLLOWING QUESTIONS WILL HELP YOU DEFINE YOUR PRODUCT:

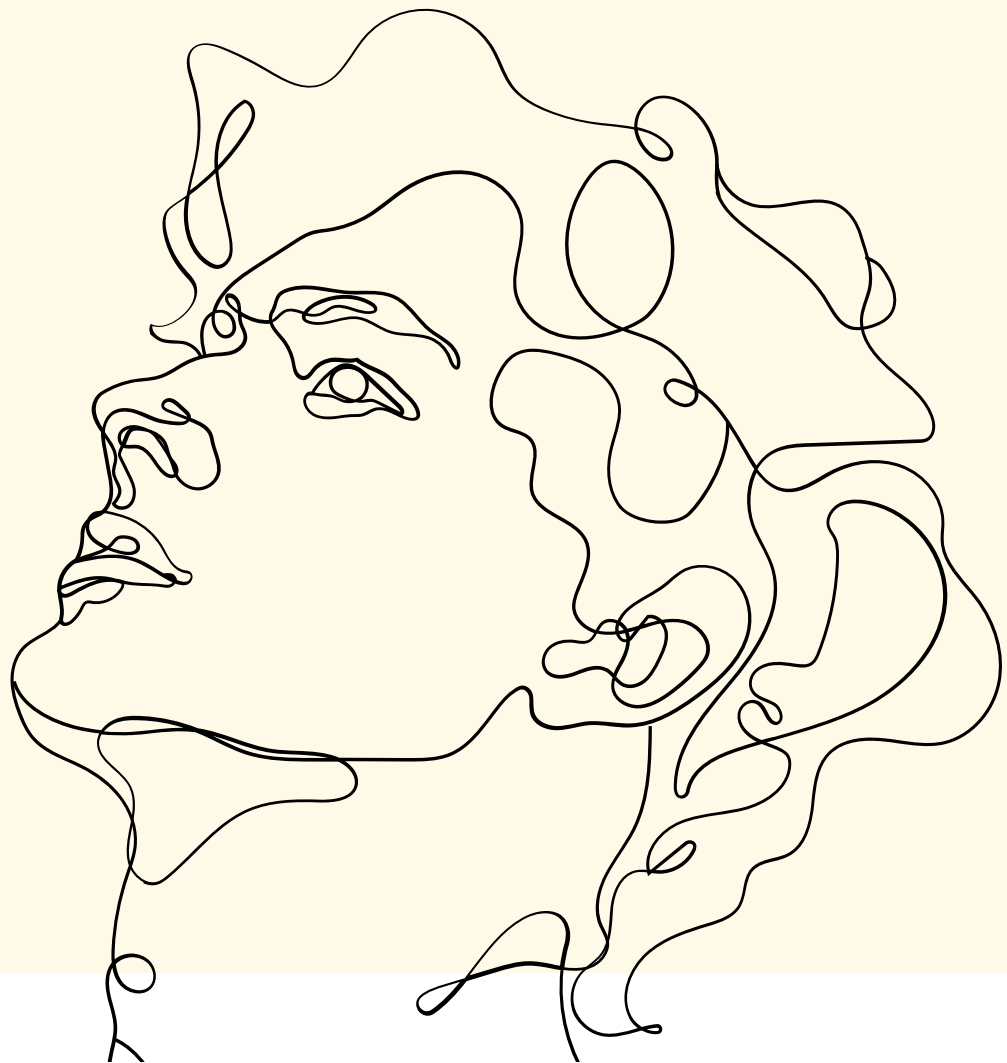
- WHAT IS THE PURPOSE OF YOUR PRODUCT? - WHAT IS THE PROBLEM THAT YOUR PRODUCT OFFERS A SOLUTION FOR?
- WHO ARE THE USERS OF YOUR PRODUCT? - WHO ARE THE PRIMARY CUSTOMERS THAT WILL BUY THE PRODUCT?
- WHAT DO THE USERS OF YOUR PRODUCT WANT?- WHAT ARE THE CUSTOMER NEEDS? WHAT ARE THE PROBLEMS THAT NEED TO BE SOLVED?
- WHAT ARE THE FUNCTIONS OF YOUR PRODUCT?- WHAT IS IT THAT THE PRODUCT DOES, AND WHAT IS THE CORE BENEFIT FOR THE CUSTOMER?



- WHAT ARE THE PRODUCT FEATURES? - WHAT IS UNIQUE ABOUT THE PRODUCT?
- WHAT ARE THE CRITERIA FOR YOUR PRODUCT'S SUCCESS?- WHAT ARE THE INDICATORS FOR THE PRODUCT'S SUCCESS AND HOW CAN YOU MEASURE THEM?
- WHAT ARE THE BASIC REQUIREMENTS - WHAT ARE THE DESIGN- (FINISHING, SHAPE, SIZE, ETC.), FUNCTIONAL-, COMPLIANCE- (SAFETY, REGULATIONS, ETC.), PERFORMANCE- (ACCURACY, TIMING, ETC.), ETC. REQUIREMENTS FOR YOUR PRODUCT?

EXERCISE

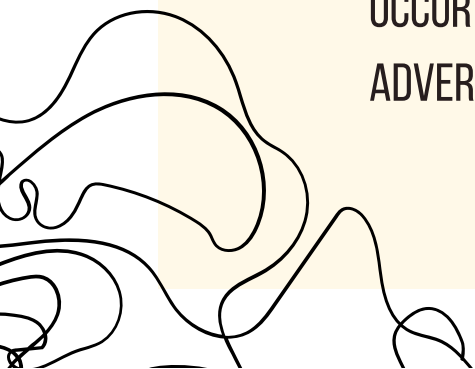
THINK ABOUT YOUR PRODUCT AND ANSWER THE QUESTIONS ABOVE.



3.2. HOW TO ASSESS THE COST OF YOUR PRODUCT

PRODUCT COST ASSESSMENT IS A VERY IMPORTANT AREA FOR ANY BUSINESS. YOU HAVE TO BE ABLE TO ESTIMATE, EVALUATE AND PLAN THE INTERNAL COST OF YOUR PRODUCT IN ORDER TO BE SUCCESSFUL AND MAKE A PROFIT. THE PRODUCT COST MEANS ALL THE COSTS THAT ARE INCURRED WHEN CREATING THE PRODUCT AND IT IS MADE UP OF SEVERAL COMPONENTS:

- PARTS AND MATERIAL COSTS (ALL THE PARTS AND RAW MATERIAL WHICH WAS BOUGHT FOR CREATING THE PRODUCT OR THE PRODUCTION)
- PACKAGING COSTS (PACKAGING MATERIAL, AND FACTORS AFFECTING PACKAGING COSTS, LIKE GRAPHICS, ETC.)
- SHIPPING COSTS (COST OF TRANSPORT FOR PRODUCTION)
- LABOUR COSTS (THE LABOUR OF ALL WORKERS WHO ARE ENGAGED IN THE PRODUCTION PROCESS)
- DIRECT EXPENSES (ANY OTHER DIRECT EXPENDITURE, E.G. HIRING OF MACHINES, COST OF SPECIAL DESIGNS, COST OF PATENTS, LICENSE FEES, ETC.)
- OVERHEAD COSTS (THESE ARE INDIRECT COSTS, LIKE HEATING, LIGHT MAINTENANCE, ETC. THAT ARISE FOR THE BENEFIT OF MORE THAN ONE PRODUCT OR ACTIVITY AND MUST BE APPORTIONED AMONG THE VARIOUS FUNCTIONS ON AN APPROPRIATE BASIS)
- SELLING, DISTRIBUTING, AND ADMINISTRATIVE COSTS: (COSTS THAT OCCUR AFTER THE PRODUCTION, E.G. MAKING SALES, DELIVERY, ADVERTISING, COMMISSIONS, ETC.)



3.3. PRICE DETERMINATION

THE PRICE OF YOUR PRODUCT WILL BE DETERMINED BY TWO FACTORS: THE PRODUCT COSTS AND THE REASONABLE PROFIT. CUSTOMERS ARE WILLING TO PAY A CERTAIN PRICE FOR YOUR PRODUCT DEPENDING ON THEIR INCOME LEVEL AND THE LEVEL OF THEIR DESIRE FOR THE PRODUCT. BY CALCULATING THE PRODUCT COSTS, YOU ALREADY KNOW WHAT THE MINIMUM PRICE IS IN ORDER TO MAKE A PROFIT. THE QUESTION IS HOW TO REACH THE HIGHEST POSSIBLE PRICE THAT THE CUSTOMERS ARE WILLING TO PAY.

THERE ARE DIFFERENT PRICING MODELS THAT YOU CAN USE WHEN DETERMINING THE PRICE FOR YOUR PRODUCTS:

- **COST-PLUS PRICING** IS A SIMPLE AND FAST METHOD, WHERE CALCULATING THE TOTAL COST OF MAKING THE PRODUCT AND ADDING A PERCENTAGE SURCHARGE WILL DETERMINE THE FINAL PRICE.
- **MARKET-ORIENTED PRICING** IS COMPARING THE PRICES OF SIMILAR PRODUCTS (COMPETITION) ON THE MARKET AND SET THE PRICE EITHER ABOVE THE MARKET (CONSCIOUSLY POSITIONING IT AS A HIGHER QUALITY PRODUCT), BELOW THE MARKET (TO ENTICE CUSTOMERS) OR BY COPYING THE MARKET (SELLING AT THE SAME PRICE AS THE COMPETITORS, MAXIMISING PROFIT AND STAYING COMPETITIVE)
- **DYNAMIC PRICING** IS A FLEXIBLE, TIME-BASED OR CUSTOMER DEMAND BASED PRICING METHOD, WHERE THE BUSINESS APPLIES SEVERAL PRICES BASED ON SOME KEY FACTORS.¹⁴ (E.G. AMAZON, UBER)

¹⁴[HTTPS://SUMO.COM/STORIES/HOW-TO-PRICE-A-PRODUCT](https://sumo.com/stories/how-to-price-a-product)

WHAT ARE THE FACTORS THAT CAN INFLUENCE YOUR PRODUCT PRICING:

- PRODUCT COST (SEE ABOVE)
- DEMAND (CONSUMER PREFERENCES, INCOME OF CONSUMERS, PRICE OF SUBSTITUTE PRODUCTS, EXPECTATIONS ABOUT THE FUTURE)
- THE COMPETITION (THE MORE COMPETITION, THE MORE SUBSTITUTES, THE MORE THE PRICES ARE PUSHED DOWN)
- LEGAL REGULATIONS (WHERE THE STATE REGULATES THE PRICES, E.G. IN CASE OF SOME VITAL MEDICATIONS)
- YOUR PRICING OBJECTIVES (WHETHER YOUR GOAL IS PROFIT MAXIMISATION, OR MARKET SHARE LEADERSHIP, ETC.)
- MARKETING METHODS (HIGH MARKETING COSTS MUST BE REFLECTED IN THE PRODUCT PRICE)¹⁵

WATCH VIDEOS FOR PRICING TIPS FOR HANDMADE PRODUCTS

HOW TO PRICE YOUR PRODUCTS: HANDMADE BUSINESS PRICING

FORMULA THAT WORKS:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=H3R9M3QHNNQ](https://www.youtube.com/watch?v=H3R9M3QHNNQ)

HANDMADE PRODUCT PRICING FACTS YOU'RE NOT CONSIDERING 🤔

THAT'S COSTING YOU SALES ✘

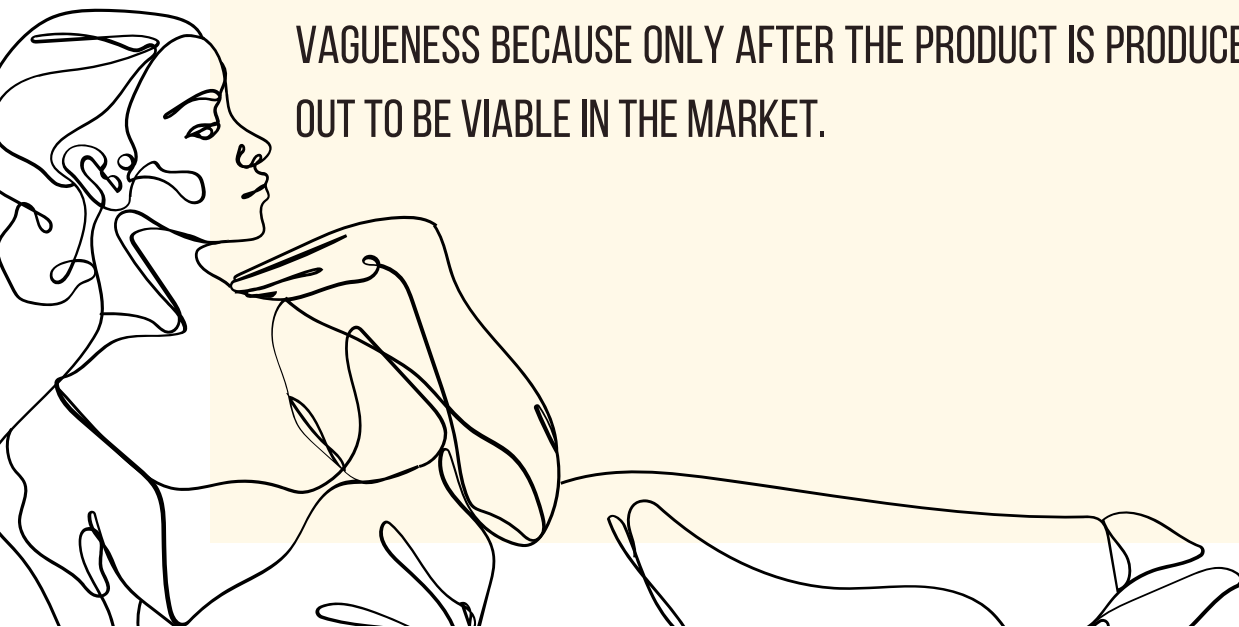
[HTTPS://WWW.YOUTUBE.COM/WATCH?V=E84R362YFHE](https://www.youtube.com/watch?v=E84R362YFHE)

HANDMADE PRODUCT PRICING MISTAKES ✘

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=BZMBA4CCZHQ](https://www.youtube.com/watch?v=BZMBA4CCZHQ)

¹⁵ [HTTPS://WWW.TOPPR.COM/GUIDES/BUSINESS-ECONOMICS/DETERMINATION-OF-PRICES/INTRO-TO-DETERMINATION-OF-PRICES/](https://www.toppr.com/guides/business-economics/determination-of-prices/intro-to-determination-of-prices/)

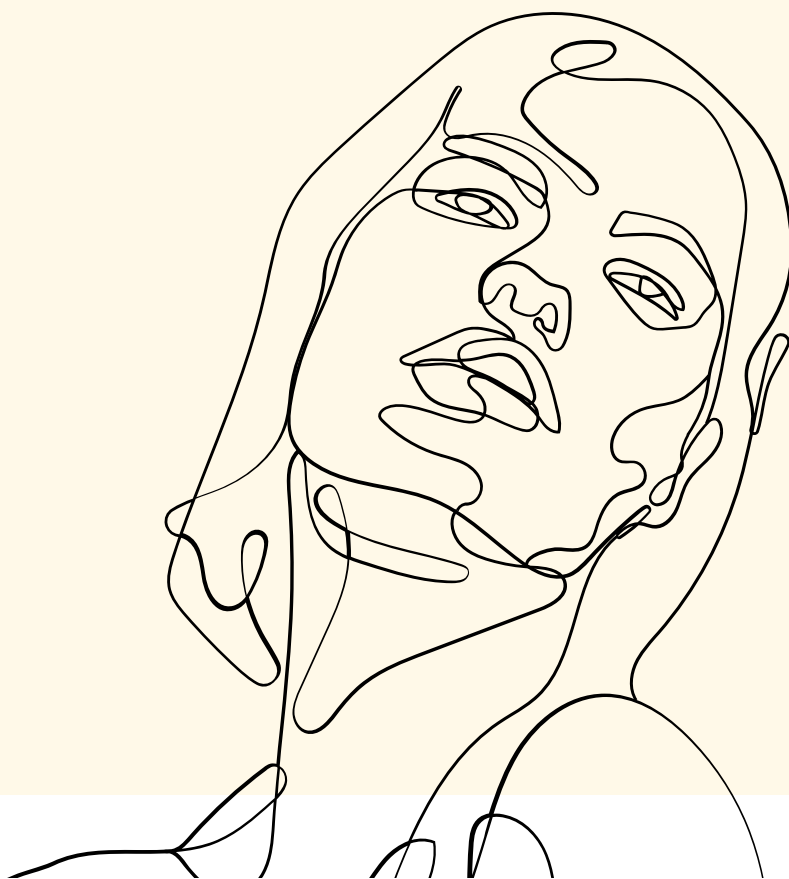
BRANDS AND ARTISTS WHO OFFER HANDMADE PRODUCTS OFTEN UNDERPRICE THEIR WORK RATHER THAN OVERPRICING IT. THERE MAY BE SEVERAL REASONS FOR THIS. MANY DO NOT DARE TO CHARGE A HIGH PRICE FOR THEIR HANDMADE PRODUCT, AS THEY DO NOT VALUE THEIR OWN WORK ENOUGH. OTHERS FEAR THAT HIGH PRICES WILL FRIGHTEN CUSTOMERS AND THUS THEY WOULD COMPLETELY LOSE THEIR REVENUE. IN FACT, THE EXACT OPPOSITE IS TRUE. TOO LOW PRICES CAN GIVE THE IMPRESSION TO CUSTOMERS THAT THE PRODUCT IS NOT OF GOOD ENOUGH QUALITY, THE BUSINESS IS NOT PROFESSIONAL AND UNRELIABLE. THEREFORE, IT IS IMPORTANT TO CHOOSE A RELATIVELY OBJECTIVE PRICING STRATEGY FOR YOURSELF AND NOT ONLY LISTEN TO YOUR FEELINGS ON THIS KEY ISSUE THAT HAS SUCH AN IMPACT ON THE SURVIVAL OF YOUR BUSINESS. IT IS IMPORTANT TO START PRICING AT THE SAME TIME AS PRODUCT DEVELOPMENT. BASICALLY, THE MARKET WILL DECIDE WHAT PRICE YOU CAN SET FOR YOUR PRODUCT. IT IS, THEREFORE, NECESSARY TO KNOW THE PRICE RANGE OF SIMILAR PRODUCTS AVAILABLE ON THE MARKET. THEN YOU CAN START DEVELOPING A PRODUCT THAT WILL BE COMPETITIVE. TO DO THIS, TAKE INTO ACCOUNT THE COSTS ASSOCIATED WITH THE PRODUCT AND THE TIME (YOUR TIME) SPENT ON IT. WITH A GOOD PRICING FORMULA, YOU WILL BE ABLE TO PRICE THE PRODUCT WITH CONFIDENCE. IT IS IMPORTANT THAT YOUR FORMULA ALLOWS FOR SOME VAGUENESS BECAUSE ONLY AFTER THE PRODUCT IS PRODUCED WILL IT TURN OUT TO BE VIABLE IN THE MARKET.



ARTISTS WHO CREATE UNIQUE PRODUCTS MAY FOLLOW DIFFERENT GUIDELINES BECAUSE JUDGING THEIR PRODUCTS CAN BE VERY SUBJECTIVE. PSYCHOLOGICAL REASONS GREATLY INFLUENCE THE PERCEPTION OF A PRODUCT AND A BRAND. FOR A WELL-POSITIONED PRODUCT, BUYERS ARE WILLING TO PAY MORE THAN WHAT COULD BE DETERMINED BY A STANDARD FORMULA (ALTHOUGH YOU CAN USE IT AS A WAYPOINT). THEREFORE IT IS PARTICULARLY IMPORTANT TO HAVE A UNIFIED AND APPEALING BRAND IDENTITY, VISUAL APPEARANCE, GOOD MARKETING STRATEGY, AND APPROPRIATELY CHOSEN CHANNELS FOR REACHING THE WELL DEFINED TARGET GROUP.

CHECK THIS HANDMADE PRODUCT PRICING CALCULATOR:

[HTTPS://WWW.AHANDCRAFTEDBUSINESS.COM/HANDMADE-PRODUCT-PRICING-CALCULATOR/](https://www.ahandcraftedbusiness.com/handmade-product-pricing-calculator/)



QUESTIONNAIRE MODULE 7

1. BUSINESS MANAGEMENT IS

- A. DEVELOPING THE BUSINESS'S STRATEGY AS WELL AS PLANNING AND COORDINATING ITS OPERATION
- B. THE DEVELOPMENT OF STRATEGIC PLANNING OF THE BUSINESS
- C. THE COORDINATION OF ALL PHASES OF A BUSINESS'S OPERATIONS

2. WHAT ARE THE CHARACTERISTICS OF THE BOTTOM-UP MANAGEMENT APPROACH?

- A. A HIERARCHICAL STRUCTURE, CLEAR RESPONSIBILITIES AND TASKS
- B. AN INTEROPERABLE ORGANISATIONAL STRUCTURE, EMPLOYEES CONTRIBUTE WITH IDEAS ON DIFFERENT LEVELS
- C. THE LEADERSHIP SETS THE GOALS, NO ROOM FOR FEEDBACK

3. WHAT IS NOT PART OF THE BUSINESS PLAN

- A. EXECUTIVE SUMMARY
- B. DAY-TO-DAY TASKS
- C. BUDGET



4. WHAT ARE SMART OBJECTIVES

- A. SOFT, MAINTAINABLE, ACCESSIBLE, RETURNABLE, TANGIBLE
- B. SUSTAINABLE, MULTIDIVISIONAL, AUTOMATED, RELATIVE, TACTICAL
- C. SPECIFIC, MEASURABLE, ACHIEVABLE, REALISTIC, TIME-BOUND

5. THE BALANCE SHEET SHOWS

- A. $\text{ASSETS} = \text{LIABILITIES} + \text{EQUITY}$
- B. $\text{ASSETS} = \text{LIABILITIES} - \text{EQUITY}$
- C. $\text{EQUITY} = \text{LIABILITY} + \text{ASSETS}$

6. A PATENT IS

- A. A RECOGNISABLE SIGN, DESIGN, OR EXPRESSION WHICH DISTINGUISHES PRODUCTS OR SERVICES OF A PARTICULAR TRADER FROM SIMILAR PRODUCTS OR SERVICES OF OTHER TRADERS.
- B. IS AN EXCLUSIVE RIGHT GRANTED FOR AN INVENTION.
- C. THE RIGHT THAT GIVES ITS OWNER THE EXCLUSIVE RIGHT TO COPY, PUBLISH OR REPRODUCE A CREATIVE WORK.

7. PRODUCT PRICING SHOULD NOT BE INFLUENCED BY

- A. THE MARKET DEMAND
- B. PRODUCT COSTS
- C. THE BUSINESS OWNER'S SELF-ESTEEM



MODULE 8: COMMUNICATION IN THE CULTURAL AND CREATIVE FIELD

PARTNER: FISE

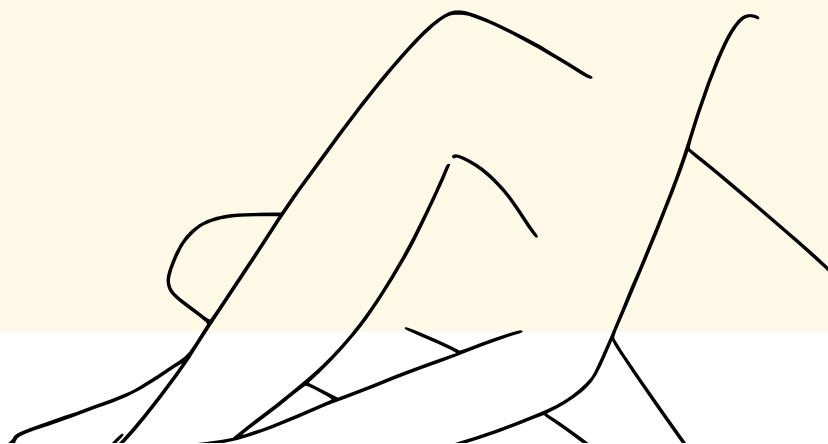
UNIT 1 - WHAT IS EFFECTIVE BUSINESS COMMUNICATION?

IN ORDER TO COMMUNICATE IN AN EFFECTIVE WAY WHEN DOING BUSINESS, IT IS INEVITABLE TO UNDERSTAND THE PROCESS OF COMMUNICATION THROUGH A BASIC INSIGHT INTO THE THEORY AND MODELS OF COMMUNICATION.

1.1. WHAT IS COMMUNICATION?

COMMUNICATION MEANS THE PROCESS OF TRANSFERRING, RECEIVING, AND SHARING INFORMATION FROM ONE PERSON, PLACE, OR GROUP TO ANOTHER. SIMPLY SAID IT IS TALKING, WRITING, LISTENING OR READING, AND SHARING/RECEIVING VISUAL CONTENT.

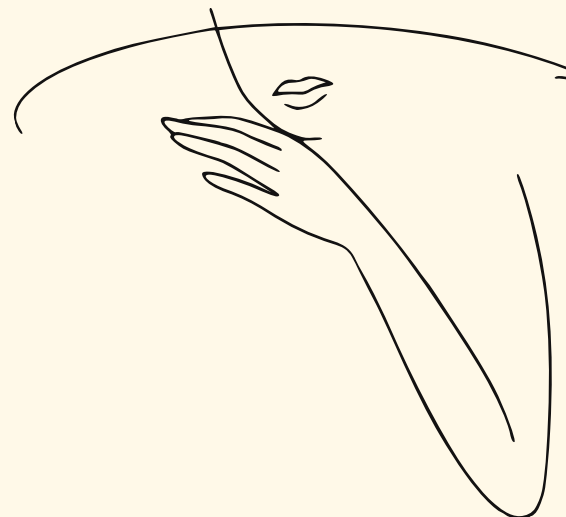
ALL COMMUNICATION INVOLVES AT LEAST A SENDER, A MESSAGE, AND A RECIPIENT. HOWEVER, THERE ARE SOME OTHER IMPORTANT COMPONENTS THAT CAN NOT BE MISSING DURING THE PROCESS OF COMMUNICATION:



1. SENDER – THE SENDER IMAGINES AND ENCODES THE MESSAGE AND CONVEYS THE INFORMATION THROUGH A CHANNEL TO THE RECEIVER(S). IT IS IMPORTANT FOR THE SENDER TO IDENTIFY THE RECEIVER, AND THE CONTEXT, CHOOSE THE APPROPRIATE CHANNEL AND SEEK FEEDBACK IN ORDER TO ENSURE SUCCESSFUL COMMUNICATION.

2. MESSAGE – “THE MESSAGE IS THE STIMULUS OR MEANING PRODUCED BY THE SOURCE FOR THE RECEIVER OR AUDIENCE” (MCLEAN 2005)¹. BASICALLY, IT IS ALL THE INFORMATION THE SENDER DELIVERS TO THE RECEIVER. IT ALSO CONTAINS THE GRAMMATICAL RULES THROUGH WHICH THE SENTENCES ARE ORGANISED, THE CHOICE OF THE WORDING, THE TONE OF VOICE AND FACIAL EXPRESSIONS, ETC.

3. CHANNEL - “THE CHANNEL IS THE WAY IN WHICH A MESSAGE OR MESSAGES TRAVEL BETWEEN SOURCE AND RECEIVER.” (MCLEAN, 2005) SPOKEN CHANNELS ARE FACE-TO-FACE CONVERSATIONS, TELEPHONE CONVERSATIONS, VOICEMAIL MESSAGES, SPEECHES, ETC. WRITTEN CHANNELS ARE LETTERS, EMAILS, TEXT MESSAGES, PURCHASE ORDERS, SOCIAL MEDIA POSTS, TWEETS, ETC.



¹ MCLEAN, S. (2005). THE BASICS OF INTERPERSONAL COMMUNICATION (P. 10). BOSTON, MA: ALLYN & BACON

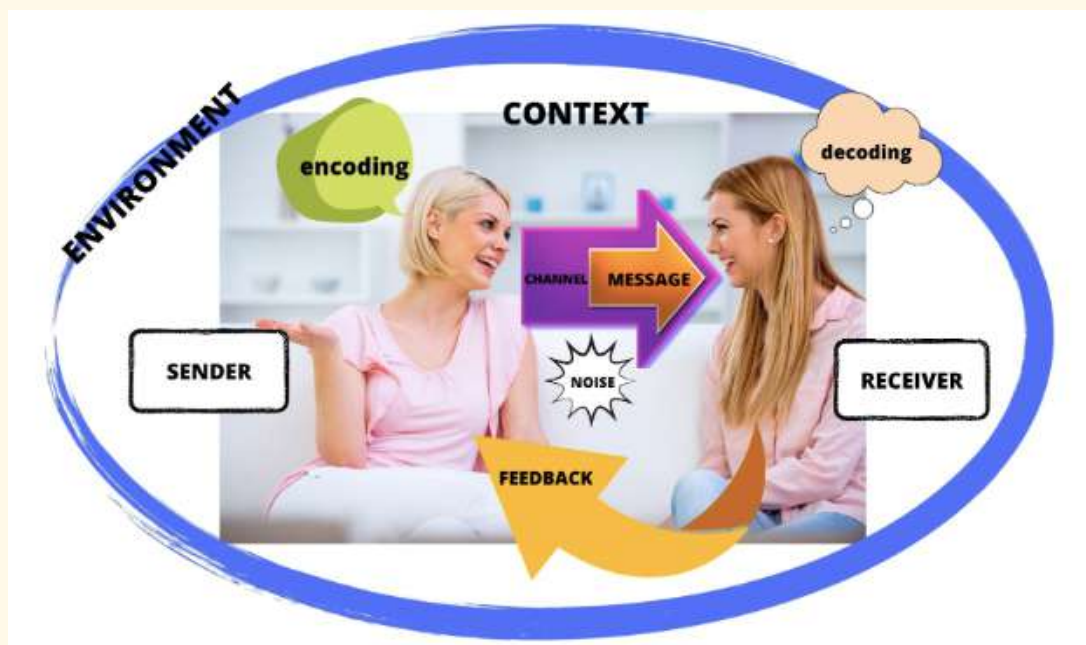
4. RECEIVER – “THE RECEIVER RECEIVES THE MESSAGE FROM THE SOURCE, ANALYZING AND INTERPRETING THE MESSAGE IN WAYS BOTH INTENDED AND UNINTENDED BY THE SOURCE.” (MCLEAN, 2005) THE RECEIVER LISTENS, READS, BUT MIGHT ALSO TOUCH, SMELL, TASTE THE INFORMATION. THE RECEIVER DECODES THE MESSAGE AND DELIVERS FEEDBACK TO THE SENDER IN ORDER TO INDICATE THE EFFECT OF THE MESSAGE E.G. TO CONFIRM THAT MESSAGE WAS RECEIVED OR TO SIGNALISE IF FURTHER CLARIFICATION IS REQUIRED, ETC.

5. FEEDBACK – THE FEEDBACK IS COMPOSED OF MESSAGES THE RECEIVER SENDS BACK TO THE SENDER. THESE VERBAL OR NONVERBAL SIGNALS SHOW THE SENDER WHETHER AND HOW ACCURATELY THE MESSAGE WAS RECEIVED. FEEDBACK IS AN ESSENTIAL PART OF COMMUNICATION, THEREFORE THE SENDER SHOULD ALWAYS REQUEST CLEAR FEEDBACK, WHEN POSSIBLE. (FOR EXAMPLE BY SIMPLY ASKING: ARE THERE ANY QUESTIONS?)

6. ENVIRONMENT – “THE ENVIRONMENT IS THE ATMOSPHERE, PHYSICAL AND PSYCHOLOGICAL, WHERE YOU SEND AND RECEIVE MESSAGES.” (MCLEAN, 2005) THE ENVIRONMENT CAN MEAN THE FURNITURE, THE DRESS CODE, THE DECORATION, THE MUSIC, THE ATMOSPHERE, ALL OF WHICH INFLUENCE HOW THE SENDER WILL DELIVER THE MESSAGE. EG. DIFFERENT WORDING IS USED IN A FORMAL ENVIRONMENT STANDING IN FRONT OF A SEATED AUDIENCE THAN IN A CASUAL SITUATION SITTING CLOSE TO ONE ANOTHER.

7. CONTEXT -“THE CONTEXT OF THE COMMUNICATION INTERACTION INVOLVES THE SETTING, SCENE, AND EXPECTATIONS OF THE INDIVIDUALS INVOLVED.” (MCLEAN, 2005) COMMUNICATION DOES NOT TAKE PLACE IN A VACUUM, THE SENDER, AND RECEIVER MIGHT HAVE HAD SHARED EXPERIENCES FROM PREVIOUS COMMUNICATION SITUATIONS AND HAVE CERTAIN EXPECTATIONS ON SIMILAR SITUATIONS/ EACH OTHER, OR, THEY SIMPLY CREATE EXPECTATIONS FROM THE ENVIRONMENTAL CUES. THESE EXPECTATIONS ARE THE CONTEXT OF THE COMMUNICATION.

8. NOISE – “NOISE IS ANYTHING THAT BLOCKS OR CHANGES THE SOURCE’S INTENDED MEANING OF THE MESSAGE.”(MCLEAN, 2005) NOISE IS ANYTHING THAT INTERFERES WITH COMMUNICATION, IT CAN BE ACTUAL NOISE, DISTRACTING THOUGHTS, HUNGER, A STUTTERING TELEPHONE CONNECTION, ETC.²



² [HTTPS://OPEN.LIB.UMN.EDU/BUSINESSCOMMUNICATION/CHAPTER/1-2-WHAT-IS-COMMUNICATION/](https://open.lib.umn.edu/businesscommunication/chapter/1-2-what-is-communication/)

EXERCISE

PERFORM IN PAIRS A TYPICAL SITUATION OF COMMUNICATION WHEN DOING BUSINESS AND LET THE GROUP IDENTIFY THE COMPONENTS OF COMMUNICATION. WHAT WAS THE MESSAGE? WHAT COMMUNICATION CHANNELS DID YOU USE? HOW DID YOU RECEIVE FEEDBACK?

IN ORDER TO COMMUNICATE SUCCESSFULLY, THE SENDER NEEDS TO IDENTIFY AND ANALYSE CLEARLY ALL COMPONENTS OF THE COMMUNICATION PROCESS. THE MESSAGE HAS TO BE DETERMINED PRECISELY, THE POSSIBLE CHANNELS CHOSEN CAREFULLY, ACCORDING TO THE RECEIVER(S) STATE, KNOWLEDGE AND CHARACTERISTICS, THE PERCEIVED AND REAL CONTEXT, AND THE ENVIRONMENT. AND LAST, BUT NOT LEAST THE IMPORTANCE OF FEEDBACK MUST NOT BE FORGOTTEN.



1.2.SOME OBSTACLES IN BUSINESS COMMUNICATION AND HOW TO OVERCOME THEM

IN ALL COMMUNICATION SITUATIONS, OBSTACLES MIGHT OCCUR DURING THE PROCESS, SUCH AS PHYSICAL BARRIERS (E.G. A CLOSED DOOR) OR PSYCHOLOGICAL BARRIERS (E.G. LOW SELF-ESTEEM), LANGUAGE BARRIERS AND CULTURAL DIFFERENCES. BEING AWARE OF THE POSSIBLE OBSTACLES DURING THE COMMUNICATION PROCESS MAKES IT EASIER TO OVERCOME THEM.

WATCH VIDEO

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=JSL468HWR40](https://www.youtube.com/watch?v=JSL468HWR40)

EXERCISE

DISCUSS IN THE GROUP WHAT YOU FIND IS THE MOST CHALLENGING BARRIER WHEN COMMUNICATING WITHIN YOUR FIELD. HOW DO YOU OVERCOME THOSE BARRIERS? HAVE YOU DEVELOPED ANY SPECIAL TRICKS OR METHODS?



A. LANGUAGE BARRIERS

LANGUAGE IS THE BASIS OF COMMUNICATION, THEREFORE LANGUAGE BARRIERS MIGHT BE A GREAT CHALLENGE IN BUSINESS COMMUNICATION, ESPECIALLY WHEN YOU ARE NOT DOING BUSINESS IN YOUR NATIVE LANGUAGE. HOWEVER, LANGUAGE BARRIERS ALSO AFFECT NATIVE SPEAKERS.

THE DIFFERENT TYPES OF LANGUAGE BARRIERS CAN BE:

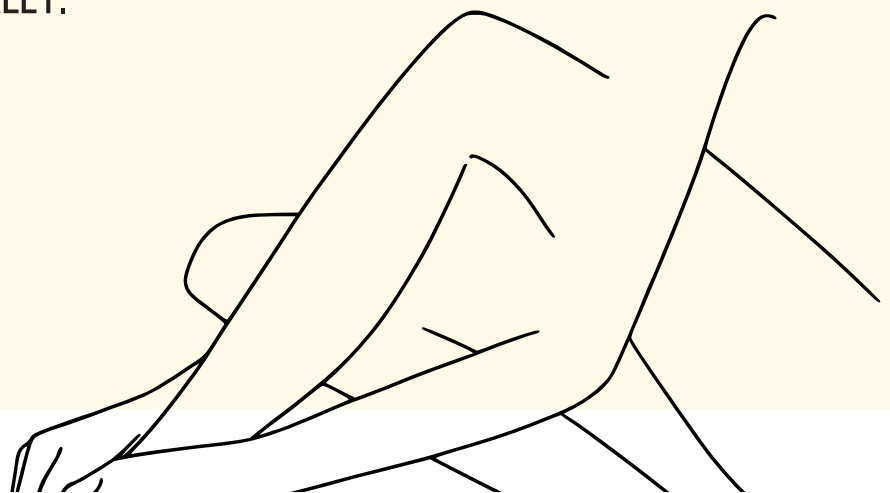
- FOREIGN LANGUAGE
- DIALECTS - (REGIONAL DIFFERENCES OF THE SAME LANGUAGE) IN SOME COUNTRIES, SUCH AS GERMAN-SPEAKING AREAS, THE DIALECTS CAN BE VERY DIFFERENT FROM EACH OTHER.
- ACCENTS - THE MOTHER TONGUE OF THE SPEAKER WILL INFLUENCE HOW THEY PRONOUNCE WORDS IN A FOREIGN LANGUAGE, WHICH CAN LEAD TO DIFFICULTIES IN COMMUNICATION
- JARGON AND SLANG - USING WORDS AND PHRASES THAT ARE USED IN CERTAIN PROFESSIONS (E.G. LEGAL TERMS OR TECHNICAL TERMS) OR THE INFORMAL LANGUAGE OF SMALL GROUPS, CAN MAKE IT DIFFICULT FOR THE RECEIVER TO UNDERSTAND THE MESSAGE
- WORD CHOICE - E.G. IDIOMS, SUCH AS IT'S RAINING CATS AND DOGS IN ENGLISH (WHICH DOESN'T MEAN THAT PETS ARE FALLING FROM THE SKY, BUT THAT IT'S RAINING HEAVILY)
- VOCABULARY - UNKNOWN WORDS AND EXPRESSIONS
- GRAMMAR AND SPELLING
- CONFUSION IN THE PRONUNCIATION

TIPS TO OVERCOME LANGUAGE BARRIERS WHEN STARTING A BUSINESS IN A NEW COUNTRY.

- LEARN THE LANGUAGE OF THE COUNTRY YOU ARE DOING BUSINESS IN
- SPEAK SLOWLY AND CLEARLY
- CONSTANTLY TRY TO IMPROVE YOUR LANGUAGE SKILLS, BE PATIENT
- ASK FOR CLARIFICATION
- FREQUENTLY ASK FOR FEEDBACK - CHECK FOR UNDERSTANDING
- LET ALL YOUR WRITTEN COMMUNICATION BE PROOFREAD
- BE PREPARED FOR TYPICAL BUSINESS COMMUNICATION SITUATIONS
- CHOOSE YOUR COMMUNICATION CHANNELS CAREFULLY
- USE VISUAL METHODS OF COMMUNICATION (PHOTOS, DIAGRAMS, ETC)
- DO NOT USE ABBREVIATIONS, TECHNICAL WORDS, SLANG
- USE AN INTERPRETER IF NEEDED

EXERCISE

CREATE YOUR OWN “VOCABULARY”. IMAGINE SOME TYPICAL SITUATIONS WHEN DOING BUSINESS. COLLECT HELPFUL PHRASES, EXPRESSIONS, KEYWORDS, AND SENTENCES THAT QUESTIONS CUSTOMERS/PARTNERS HAD, THAT YOU FOUND DIFFICULT TO ANSWER, IN ORDER TO PREPARE YOURSELF FOR POSSIBLE FUTURE COMMUNICATION SITUATIONS. YOU CAN EXTEND YOUR “VOCABULARY” GRADUALLY.



B. CULTURAL DIFFERENCES

USING A DIFFERENT LANGUAGE IS NOT THE ONLY BARRIER TO COMMUNICATION BETWEEN CULTURES. IN SOME CULTURES, THERE ARE DIFFERENT RULES OF COURTESY, AND PEOPLE ADDRESS EACH OTHER DIFFERENTLY. THE SAME GESTURE OR BODY LANGUAGE MIGHT HAVE A DIFFERENT CONTENT FOR DIFFERENT CULTURES. IT IS THEREFORE ESSENTIAL TO GET TO KNOW THE CULTURE YOU WANT TO DO BUSINESS WITH.

EXERCISE

COLLECT GESTURES OR CUSTOMS THAT ARE TYPICAL FOR YOUR COUNTRY AND ARE NOT UNDERSTOOD OR EVEN PERCEIVED AS STRANGE IN THE COUNTRY WHERE YOU LIVE. WHAT CUSTOMS OR GESTURES WERE HARD FOR YOU TO UNDERSTAND WHEN YOU ARRIVED? WHY? DISCUSS IN THE GROUP.

WHAT IS CULTURE?

CULTURE IS AN UMBRELLA TERM THAT ENCOMPASSES THE SOCIAL BEHAVIOR, INSTITUTIONS, AND NORMS FOUND IN HUMAN SOCIETIES, AS WELL AS THE KNOWLEDGE, BELIEFS, ARTS, LAWS, CUSTOMS, CAPABILITIES, AND HABITS OF THE INDIVIDUALS IN THESE GROUPS. CULTURE IS OFTEN ORIGINATED FROM OR ATTRIBUTED TO A SPECIFIC REGION OR LOCATION.³

³ [HTTPS://EN.WIKIPEDIA.ORG/WIKI/CULTURE](https://en.wikipedia.org/wiki/Culture)



The Cultural Iceberg

easy to see

10% external (surface)

- explicitly learend
- conscious
- easy to change
- objective knowledge

behaviour

beliefs

values

tought patterns

- implicitly learend
- unconscious
- difficult to change
- subjective knowledge

not easy to see

90% internal (deep)

IN 1976 EDWARD T. HALL IMPLEMENTED THE ICEBERG ANALOGY OF CULTURE, ACCORDING TO WHICH IT IS ONLY A SMALL PERCENTAGE OF THE CULTURE THAT IS EASY TO SEE. BEHAVIORS, TRADITIONS AND CUSTOMS CAN BE OBSERVED BY SEEING, TOUCHING, SMELLING. THE LANGUAGE, FOOD, HOLIDAYS AND FESTIVALS ARE GOOD EXAMPLES. THE DEEPER LAYERS OF A CULTURE ARE MORE DIFFICULT TO OBSERVE. ATTITUDES, CORE VALUES, BELIEFS, ASSUMPTIONS, PRIORITIES AND PERCEPTIONS BELONG HERE. EXAMPLES ARE: WORK ETHIC, HUMOUR, GENDER AND FAMILY ROLES AESTHETICS, ETC. WHEN YOU ENTER A NEW CULTURE, YOU USUALLY ONLY SEE THE TOP OF THE ICEBERG. YOU HAVE TO ACTIVELY PARTICIPATE IN A CULTURE IN ORDER TO UNDERSTAND AND LEARN ABOUT THE DEEPER LAYERS.

UNDERSTANDING CULTURAL DIFFERENCES

EVERY CULTURE IS VERY COMPLEX AND IT IS DANGEROUS TO FALL INTO THE TRAP OF GENERALISATION, WHEN ANALYSING THEM, AS THEY ARE ALWAYS MADE UP OF SINGLE INDIVIDUALS, WITH INDIVIDUAL CHARACTERISTICS. HOWEVER, THERE ARE MANY MODELS IN ORDER TO UNDERSTAND CULTURAL DIFFERENCES. HOFSTEDE'S CULTURAL VALUE DIMENSIONS CAN PROVIDE SOME POINT OF REFERENCE WHEN LEARNING ABOUT THE CULTURE YOU ARE OPERATING IN.⁴

- **POWER DISTANCE INDEX:** HOW IS POWER DISTRIBUTED? DO PEOPLE ACCEPT THE AUTHORITY OR DO THEY CHALLENGE IT? IS POWER DISTRIBUTED EQUALLY? (TYPICALLY LATIN-AMERICAN COUNTRIES HAVE A HIGHER POWER DISTANCE INDEX, WHILE GERMANIC COUNTRIES HAVE A LOWER ONE)

- **INDIVIDUALISM VS. COLLECTIVISM:** DO THE MEMBERS OF THE SOCIETY HAVE A STRONG „WE“ FEELING, OR DO THEY HAVE RATHER LOOSE TIES AND RATHER EMPHASISE THE „I“. (EXAMPLE: TYPICALLY AMERICA, AUSTRALIA ARE VERY INDIVIDUALISTIC AND MALAYSIA, SERBIA AND PORTUGAL IS CONSIDERED BEING COLLECTIVISTS)

- **UNCERTAINTY AVOIDANCE:** THIS INDEX SHOWS HOW A SOCIETY REACTS TO SOMETHING UNEXPECTED, UNKNOWN. SOCIETY WITH A HIGH DEGREE HAVE STRICT RULES FOR BEHAVIOUR, GUIDELINES. A SOCIETY WITH A LOWER DEGREE IS OPEN FOR DIFFERENT THOUGHTS, HAVE LESS REGULATIONS.

⁴HOFSTEDE, G. (2001). CULTURE'S CONSEQUENCES: COMPARING VALUES, BEHAVIORS, INSTITUTIONS AND ORGANIZATIONS ACROSS NATIONS. BEVERLY HILLS, CA: SAGE

- **MASCULINITY VS. FEMININITY:** IN MASCULINE CULTURES, THE VALUES OF THE SOCIETY ARE ACHIEVEMENT, HEROISM, MATERIAL REWARD AND ASSERTIVENESS, MORE FEMININE CULTURES THE PREFERENCE IS MODESTY, COOPERATION, CARING FOR THE WEEK AND QUALITY OF LIFE. IN MASCULINE CULTURES THERE IS STILL A GAP BETWEEN MALE AND FEMALE VALUES. (EXMAPLE FOR MASCULINE CULTURE: JAPAN, HUNGARY WHILE THE NORDIC COUNTRIES MASCULINITY IS EXTREMELY LOW)

- **LONG-TERM ORIENTATION VS. SHORT-TERM ORIENTATION:** THIS INDEX INDICATES THE CONNECTION OF THE PAST WITH THE CURRENT AND FUTURE ACTIONS/CHALLENGES. A LOWER DEGREE INDICATES THAT TRADITIONS ARE HONORED AND KEPT, A HIGHER DEGREE MEANS THAT ADAPTATION AND PROBLEM-SOLVING IS VALUED MORE.

- **INDULGENCE VS. RESTRAINT:** THIS DIMENSION REFERS TO THE DEGREE OF FREEDOM THAT SOCIETAL NORMS GIVE TO CITIZENS IN FULFILLING THEIR HUMAN DESIRES, IT BASICALLY INDICATES FREEDOM VS.CONTROL.⁵

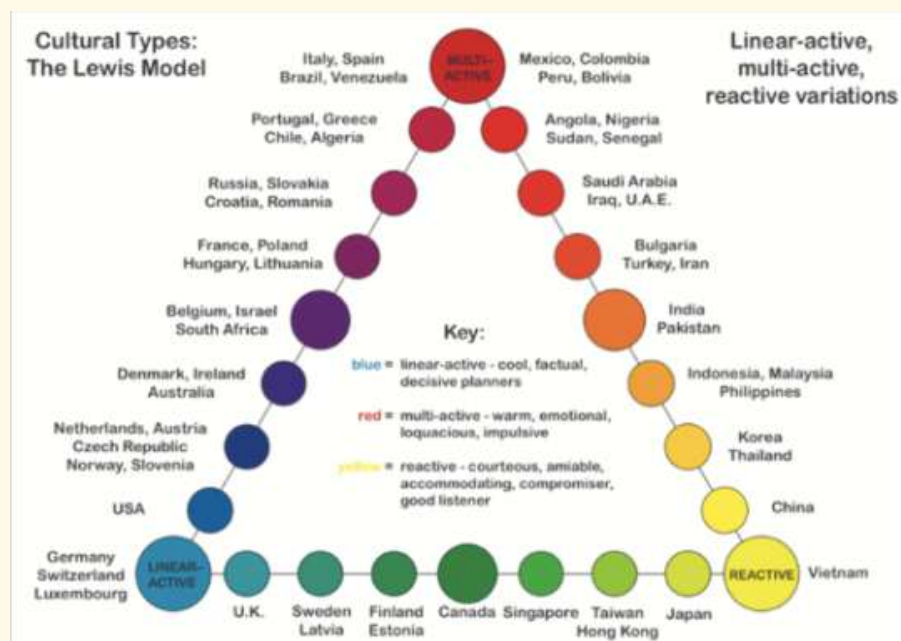


⁵ [HTTPS://EN.WIKIPEDIA.ORG/WIKI/HOFSTEDE%27S_CULTURAL_DIMENSIONS_THEORY](https://en.wikipedia.org/wiki/Hofstede%27s_cultural_dimensions_theory)

RICHARD LEWIS DEVELOPED A MODEL IN THE 1990S THAT IS BASED ON PEOPLE'S BEHAVIOR. ACCORDING TO HIS CONCEPT HUMANS CAN BE DIVIDED INTO 3 CATEGORIES: "LINEAR-ACTIVE", "MULTI-ACTIVE" AND "REACTIVE".

LINEAR-ACTIVE	MULTI-ACTIVE	REACTIVE
Talks half the time	Talks most of the time	Listens most of the time
Does one thing at a time	Does several things at once	Reacts to partner's action
Plans ahead step by step	Plans grand outline only	Looks at general principles
Polite but direct	Emotional	Polite, indirect
Partly conceals feelings	Displays feelings	Conceals feelings
Confronts with logic	Confronts emotionally	Never confronts
Dislikes losing face	Has good excuses	Must not lose face
Rarely interrupts	Often interrupts	Doesn't interrupt
Job-oriented	People-oriented	Very people-oriented
Sticks to facts	Feelings before facts	Statements are promises
Truth before diplomacy	Flexible truth	Diplomacy over truth
Sometimes impatient	Impatient	Patient
Limited body language	Unlimited body language	Subtle body language
Respects officialdom	Seeks out key person	Uses connections
Separates the social and professional	Mixes the social and professional	Connects the social and professional

THE LINEAR-ACTIVE BEHAVIOR IS MAINLY TYPICAL IN ENGLISH-SPEAKING COUNTRIES, SCANDINAVIA, AND GERMAN-SPEAKING COUNTRIES. ASIA IS CONSIDERED REACTIVE AND THE SOUTHERN PART OF EUROPE, MOST SLAVIC COUNTRIES, SOUTH AMERICA, ARAB COUNTRIES, THE MIDDLE EAST, SUB-SAHARAN AFRICA, INDIA, AND PAKISTAN AS MULTI-ACTIVE.



THE ABOVE ASPECTS HELP TO NAVIGATE WITHIN INTERCULTURAL COMMUNICATION, HOWEVER, IT IS IMPORTANT NOT TO STEREOTYPE. INDIVIDUAL MEMBERS OF A GROUP MIGHT BE DIFFERENT AND MIGHT HAVE THEIR OWN THOUGHTS, BEHAVIORS, AND BELIEFS. THE MOST IMPORTANT WILL BE TO LEARN ABOUT THE CULTURE, OBSERVE WITHOUT JUDGMENT, AND TO INTERACT AS MUCH AS POSSIBLE.

EXERCISE

TRY TO DEFINE THE CULTURE OF THE COUNTRY YOU LIVE IN ALONGSIDE THE HOFSTEDE VALUES. WHAT ARE THE SIMILARITIES/MAJOR DIFFERENCES TO YOUR CULTURE OF ORIGIN?

FUN INTERCULTURAL COMMUNICATION QUIZ:

[HTTPS://SYMONDSRESEARCH.COM/INTERCULTURAL-COMMUNICATION-ACTIVITY/](https://symondsresearch.com/intercultural-communication-activity/)

SOME MORE TRAINING MATERIAL ON INTERCULTURAL COMMUNICATION:

[HTTPS://WWW.AMBITIA.EU/WP-CONTENT/UPLOADS/2019/02/2%20INTERCULTURAL%20TRAINING%20EXERCISE%20PACK.PDF](https://www.ambitia.eu/wp-content/uploads/2019/02/2%20intercultural%20training%20exercise%20pack.pdf)



BESIDES THE AWARENESS OF THE COMMUNICATION PROCESS AND ITS COMPONENTS, THE FIRST STEP IN OVERCOMING ALL BARRIERS TO COMMUNICATION IS TO IDENTIFY THEM. LEARNING AS MUCH ABOUT THE CULTURE AS POSSIBLE, PERSONALISING MESSAGES, GATHERING FEEDBACK, AND PERSISTENCE WILL IMPROVE THE COMMUNICATION PROCESS.

ALSO, DON'T FORGET, THAT CULTURAL DIFFERENCES CAN BE AN ASSET TO YOU TOO, WHEN DOING BUSINESS IN A NEW COUNTRY. YOUR CULTURAL CHARACTERISTICS CAN BE OF GREAT ADDED VALUE AND MAKE YOU STAND OUT FROM YOUR COMPETITION. THE GOAL IS NOT THAT EVERYONE BECOMES THE SAME BUT TO BE OPEN AND GET TO KNOW EACH OTHER. BE AUTHENTIC, INCLUDE YOUR CULTURE CONSCIOUSLY IN YOUR STORY IF YOU CHOOSE TO DO SO.

UNIT 2 - COMMUNICATION WITH STAKEHOLDERS

WHEN GETTING INVOLVED IN BUSINESS COMMUNICATION YOU HAVE TO IDENTIFY ALL PARTIES YOU WANT TO COMMUNICATE WITH. THEREFORE, AS A FIRST STEP YOU WILL NEED TO KNOW WHO YOUR STAKEHOLDERS ARE.

2.1. WHO ARE YOUR STAKEHOLDERS?

A STAKEHOLDER IS A PARTY THAT HAS AN INTEREST IN A BUSINESS AND CAN EITHER AFFECT OR BE AFFECTED BY IT. THE STAKEHOLDERS IN A TYPICAL CORPORATION ARE ITS INVESTORS, EMPLOYEES, CUSTOMERS, AND SUPPLIERS, AS WELL AS COMMUNITIES, GOVERNMENTS, AND TRADE ASSOCIATIONS.

INTERNAL STAKEHOLDERS ARE PEOPLE WHOSE INTEREST IN A COMPANY COMES THROUGH A DIRECT RELATIONSHIP, SUCH AS EMPLOYMENT, OWNERSHIP, OR INVESTMENT.

EXTERNAL STAKEHOLDERS ARE THOSE WHO DO NOT DIRECTLY WORK WITH A COMPANY BUT ARE AFFECTED SOMEHOW BY THE ACTIONS AND OUTCOMES OF THE BUSINESS. SUPPLIERS, CREDITORS, AND PUBLIC GROUPS ARE ALL CONSIDERED EXTERNAL STAKEHOLDERS.⁶



KEY STAKEHOLDERS, SUCH AS CUSTOMERS OR MANAGERS ARE TYPICAL KEY STAKEHOLDERS, WHO ARE MOST INTERESTED IN THE BUSINESS BECAUSE THEY ARE DIRECTLY AFFECTED.

SECONDARY STAKEHOLDERS HELP TO RUN THE BUSINESS, BUT IN A MORE GENERAL SENSE. E.G. THE ACCOUNTANT.

⁶ [HTTPS://WWW.INVESTOPEDIA.COM/TERMS/S/STAKEHOLDER.ASP](https://www.investopedia.com/terms/s/stakeholder.asp)

DIRECT STAKEHOLDERS, SUCH AS EMPLOYEES, ARE INVOLVED WITH THE EVERYDAY ACTIVITIES OF THE BUSINESS.

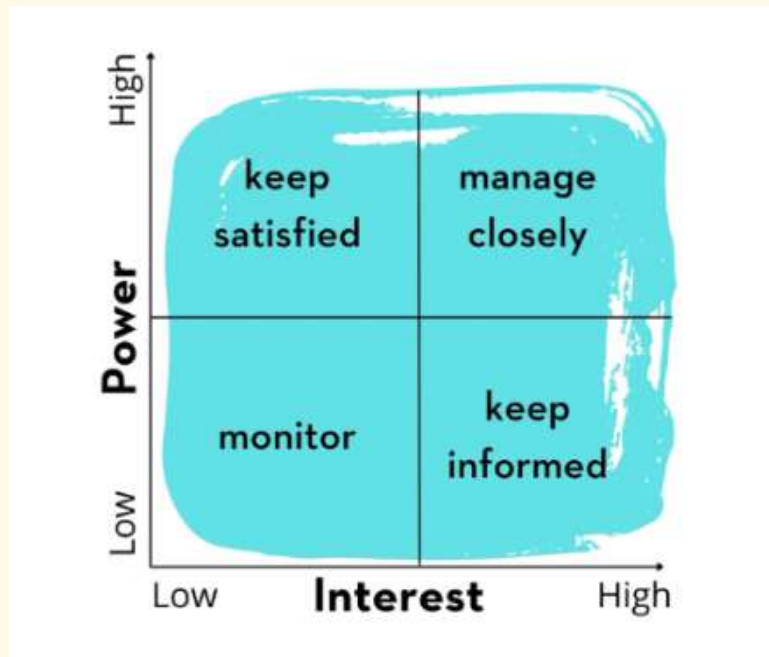
INDIRECT STAKEHOLDERS RATHER CARE FOR THE OUTCOME, THAN THE PROCESS OF OPERATION. E.G. CUSTOMERS

2.1.1. HOW TO IDENTIFY YOUR KEY STAKEHOLDERS?

FIRST, ALL POSSIBLE STAKEHOLDERS TO YOUR BUSINESS MUST BE COLLECTED:

- MAKE A LIST OF ALL POTENTIAL STAKEHOLDERS, BOTH INTERNAL AND EXTERNAL.
- CREATE A STAKEHOLDER REGISTER.
- UNDERSTAND YOUR STAKEHOLDERS INTERESTS AND PROBLEMS.
 - WHAT FINANCIAL OR EMOTIONAL INTEREST DO THEY HAVE IN YOUR ACTIVITY? IS IT POSITIVE OR NEGATIVE?
 - WHAT INFORMATION DO THEY NEED FROM YOU AND WHAT IS THE BEST WAY TO COMMUNICATE WITH THEM?
 - WHO INFLUENCES THEIR OPINION?
 - IF THEY AREN'T POSITIVE, WILL YOU MANAGE TO CHANGE THEIR OPINION?
 - WHO IS INFLUENCED BY THEIR OPINION?⁷
- ANALYSE YOUR STAKEHOLDERS BY USING THE POWER-INTEREST MATRIX
- CREATE A STAKEHOLDER COMMUNICATION PLAN RELEVANT TO YOUR OWN BUSINESS

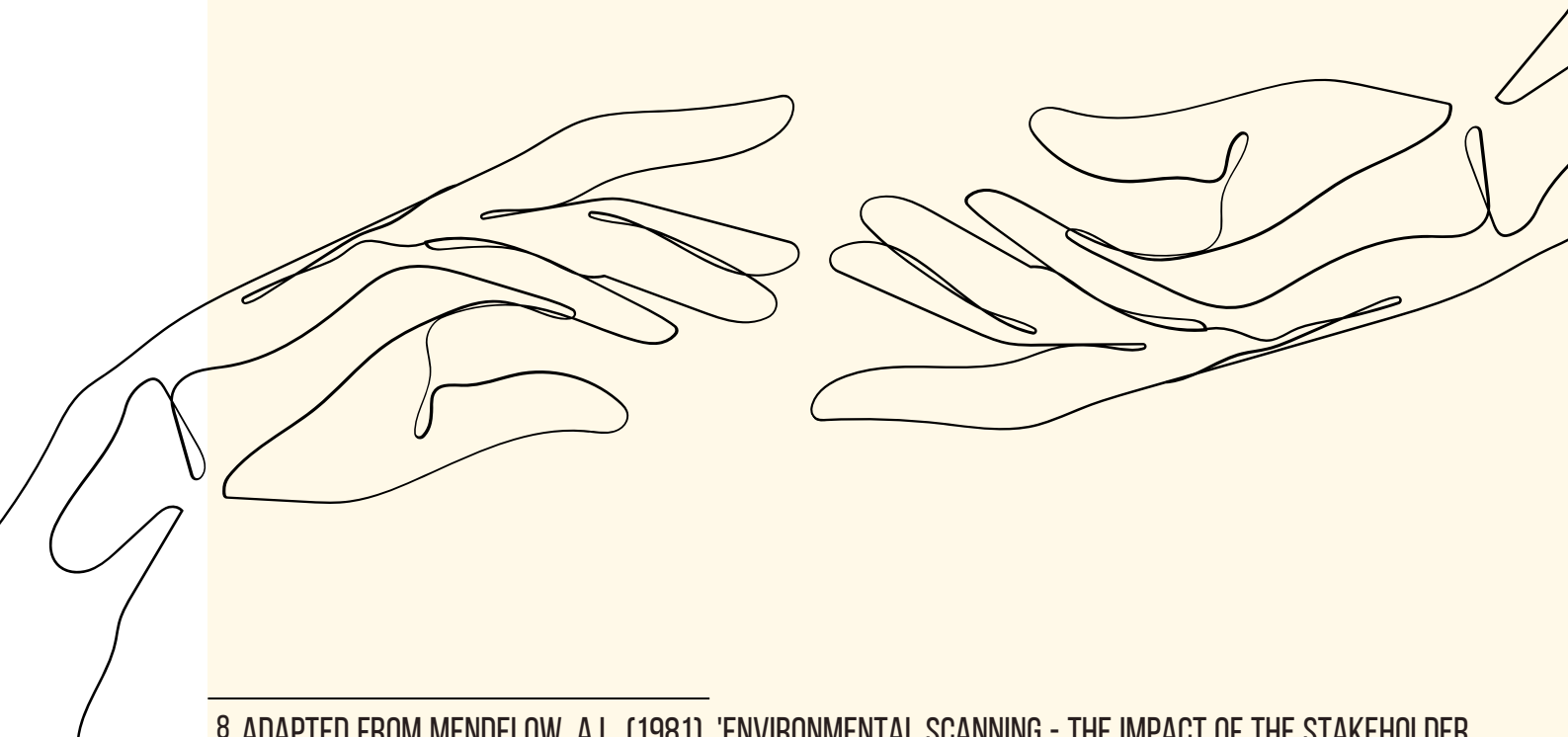
⁷ [HTTPS://WWW.MINDTOOLS.COM/PAGES/ARTICLE/NEWPPM_07.HTM#INTERACTIVE](https://www.mindtools.com/pages/article/newppm_07.htm#interactive)



POWER-INTEREST MATRIX⁸

EXERCISE

CREATE A POWER-INTEREST MATRIX OF YOUR STAKEHOLDERS. WHO ARE YOUR MOST IMPORTANT STAKEHOLDERS?



⁸ ADAPTED FROM MENDELOW, A.L. (1981). 'ENVIRONMENTAL SCANNING - THE IMPACT OF THE STAKEHOLDER CONCEPT,' ICIS 1981 PROCEEDINGS, 20.

STAKEHOLDERS WITH HIGH POWER WHO ARE HIGHLY INTERESTED NEED TO BE IN FOCUS OF YOUR ATTENTION AND YOU MUST MAKE THE GREATEST EFFORT TO SATISFY THEM. TYPICALLY YOUR CUSTOMERS WILL FALL INTO THIS CATEGORY. STAKEHOLDERS WITH HIGH POWER BUT LOW INTEREST HAVE TO BE PROVIDED WITH ENOUGH INFORMATION TO BE KEPT SATISFIED, BUT IT IS IMPORTANT NOT TO OVERLOAD THEM WITH INFORMATION. HIGHLY INTERESTED STAKEHOLDERS WITH LOW POWER SHOULD BE KEPT INFORMED, BUT IT IS IMPORTANT NOT TO USE TOO MANY RESOURCES ON ENGAGING WITH THEM. FAMILY AND FRIENDS TYPICALLY FALL INTO THIS CATEGORY. STAKEHOLDERS WITH LOW INTEREST AND LOW POWER DO NOT NEED ADDITIONAL ATTENTION, IT IS SUFFICIENT TO MONITOR THEM REGULARLY.

WHEN THE STAKEHOLDER GROUPS HAVE BEEN IDENTIFIED AND THEIR INTERESTS AND POWER ANALYSED, YOU WILL SEE EXACTLY WHICH GROUP YOU WILL HAVE TO ENGAGE WITH AND TO WHAT EXTENT IN ORDER TO KEEP THEM SATISFIED. YOU HAVE TO PLAN YOUR COMMUNICATION ACCORDING TO THEIR NEEDS AND THE DESIRED EFFECT ON YOUR BUSINESS IN ORDER TO GET YOUR MESSAGE THROUGH. THE COMMUNICATION WITH EACH GROUP WILL HAVE ITS OWN CHARACTERISTICS, SPECIFICALLY TAILORED MESSAGES, AND PREFERRED CHANNELS. IT MUST NOT BE FORGOTTEN, THAT IN SOME CASES YOUR STAKEHOLDERS MIGHT HAVE OPPOSITE INTERESTS, THEREFORE AT TIMES, IT WILL BE JUGGLING WITH WORDS. HOWEVER, ESPECIALLY IN THE CULTURAL AND CREATIVE FIELD, IT IS IMPORTANT TO BE CONSISTENT, RELIABLE, AND AUTHENTIC IN YOUR COMMUNICATION. HOW IS THAT POSSIBLE?



2.2. INTERFACING WITH YOUR CUSTOMERS

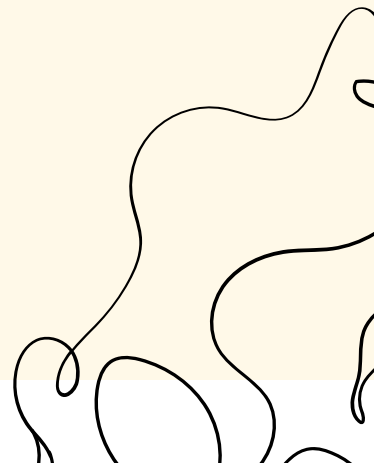
THE MAJOR PART OF YOUR COMMUNICATION WILL TARGET THE MOST IMPORTANT KEY STAKEHOLDER GROUP: YOUR CUSTOMERS. CUSTOMERS ARE CORE TO ANY BUSINESS, AS THEY ARE THE PEOPLE WHO WILL BUY ITS PRODUCTS/SERVICES. CUSTOMERS EXPECT BUSINESSES TO PROVIDE EFFICIENT AND HIGH-QUALITY PRODUCTS AND SERVICES THAT SATISFY THEIR NEEDS, THEREFORE IT IS NECESSARY TO IDENTIFY THEM AND ANALYSE THEIR NEEDS. BESIDES THAT, IT IS VERY IMPORTANT TO TAKE INTO CONSIDERATION A RELATIVELY GREAT PROPORTION OF PSYCHOLOGICAL ASPECTS AFFECTING THE CUSTOMERS' NEEDS IN THE CULTURAL AND CREATIVE MARKET.

2.2.1. CUSTOMER ANALYSIS

WHEN DOING CUSTOMER ANALYSIS FOR AN ALREADY OPERATING BUSINESS, THE BEST WAY IS TO START WITH AN EXISTING CUSTOMER DATABASE. IN THE CASE OF A NEW BUSINESS, YOU NEED TO ANALYSE THE MARKET YOU ARE AIMING TO ENTER, MAP YOUR COMPETITORS, AND DISCOVER THE NEEDS OF THEIR CUSTOMERS. THE AIM OF CUSTOMER ANALYSIS IS TO CREATE A PROFILE OF YOUR IDEAL CUSTOMERS, WHO YOU WILL BE THE MAIN TARGET ALSO TO YOUR COMMUNICATION.

YOU CAN GROUP CUSTOMERS BY SEGMENTING THEM ACCORDING TO THE FOLLOWING CATEGORIES:

- GEOGRAPHIC (COUNTRIES, CITIES, URBAN OR RURAL)
- DEMOGRAPHIC (AGE GENDER, EDUCATION, ETC.)



- BEHAVIOR (HABITS, FREQUENT ACTIONS)
- MEDIA (WHERE AND WHICH MEDIA THEY USE)
- PSYCHOGRAPHIC (VALUES, BELIEFS, POLITICAL VIEWS, OPINIONS, INTERESTS, PERSONALITIES)
- BENEFIT (WHAT THEY VALUE ABOUT A PRODUCT OR A BRAND)
- NEEDS (WHAT ARE THEIR SPECIFIC NEEDS FOR A PRODUCT)
- BUYING DECISION (HOW THEY MAKE BUYING DECISIONS)

AFTER SEGMENTING THEM INTO GROUPS YOU NEED TO CHOOSE WHICH GROUP IS THE MOST VALUABLE FOR YOU. IT CAN BE IMPORTANT TO ASSESS FOR EXAMPLE WHICH WILL BE THE MOST LOYAL, RETURNING CUSTOMERS, THAT YOU CAN EXPECT TO BENEFIT THE MOST FROM OVER A LONGER PERIOD, OR THE ONES THAT CAN INFLUENCE OTHER CUSTOMERS FOR YOUR BUSINESS' BENEFIT.

WATCH VIDEO:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=AVS59DDKZUQ](https://www.youtube.com/watch?v=AVS59DDKZUQ)

EXERCISE

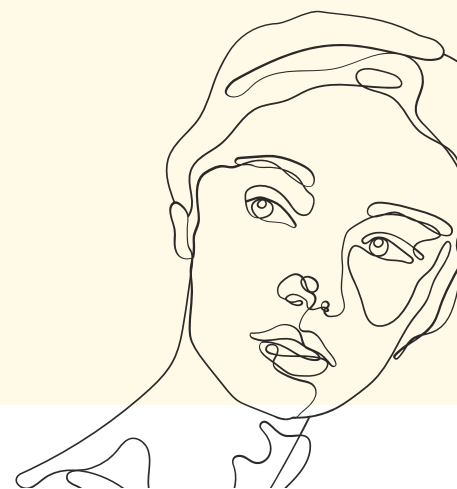
CREATE 3 DIFFERENT CUSTOMER PERSONAS FOR YOUR BUSINESS. IS THERE ANYTHING NEW YOU FOUND OUT ABOUT YOUR CUSTOMERS DURING CREATING THE PERSONAS?

2.2.2. INTERFACING CUSTOMERS

WHEN INTERFACING WITH CUSTOMERS YOU WILL HAVE TO BE AWARE OF THE SKILLS YOU NEED DURING THE COMMUNICATION PROCESS. THE RIGHT COMMUNICATION STYLE ALSO DETERMINES THE SUCCESS OF THE COMMUNICATION.

THERE ARE FIVE MAJOR COMMUNICATION SKILLS THAT HAVE TO BE FOCUSED ON AND DEVELOPED:

- **WRITTEN COMMUNICATION** -THE SKILL OF FORMULATING, EXPRESSING, AND CONVEYING THE MESSAGE IN WRITING.
- **ORAL COMMUNICATION** – THE SKILL OF FORMULATING, EXPRESSING, AND CONVEYING THE MESSAGE IN SPOKEN LANGUAGE.
- **NON-VERBAL OR VISUAL COMMUNICATION** – THE SKILL OF EXPRESSING AND CONVEYING THE MESSAGE THROUGH IMAGES OR WORDLESS SIGNS. IN THE CULTURAL AND CREATIVE FIELD, IT IS PARTICULARLY WORTH BUILDING ON THIS SKILL.
- **ACTIVE LISTENING** - THE SKILL OF LISTENING WITHOUT PRESUMPTIONS, THE OPEN INTENTION TO UNDERSTAND WHAT THE OTHER PERSON IS TRYING TO COMMUNICATE, AND GIVE FEEDBACK.
- **CONTEXTUAL COMMUNICATION** – THE SKILL OF COMMUNICATING DIFFERENTLY IN DIFFERENT CONTEXTS, I.E. SITUATIONS, PEOPLE YOU ARE ADDRESSING, ETC.



WATCH VIDEO ON HOW TO IMPROVE COMMUNICATION SKILLS

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=V3DIMAPOLIS](https://www.youtube.com/watch?v=V3DIMAPOLIS)

WATCH VIDEO ON WRITTEN COMMUNICATION

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=8E-0QAHDNB8](https://www.youtube.com/watch?v=8E-0QAHDNB8)

WE CAN DISTINGUISH FOUR COMMUNICATION STYLES:

- **AGGRESSIVE:** PRIORITIZES OWN NEEDS AND OPINIONS, INAPPROPRIATELY HONEST, DIRECT, CONTROLLING, DOMINANT, CRITICIZES OTHERS, LOW FRUSTRATION TOLERANCE, WANTS TO WIN AT ANY EXPENSE
- **PASSIVE:** PRIORITIZES THE NEEDS AND OPINIONS OF OTHERS, DENIES OWN PERSONAL NEEDS AND OPINIONS, EMOTIONALLY DISHONEST, APOLOGETIC, SELF-DENYING, WANTS TO AVOID CONFLICTS
- **PASSIVE-AGGRESSIVE:** APPEARS PASSIVE, INDIRECTLY EXPRESSES ANGER, IS EMOTIONALLY DISHONEST, DENIES PROBLEMS AND DIFFICULT EMOTIONS, WANTS TO WIN WITHOUT TAKING RESPONSIBILITY
- **ASSERTIVE:** STANDING UP TO OWN NEEDS AND OPINIONS BUT ALSO LISTENING TO OTHERS, HONEST, SELF-CONFIDENT, EXPRESSIVE AND EMPATHIC, LISTENS AND DOESN'T INTERRUPT, USES „I“ STATEMENTS



READ MORE ABOUT ASSERTIVE COMMUNICATION:

[HTTPS://POSITIVEPSYCHOLOGY.COM/ASSERTIVE-COMMUNICATION-
WORKSHEETS/](https://positivepsychology.com/assertive-communication-worksheets/)

HOW TO COMMUNICATE WITH YOUR CUSTOMERS

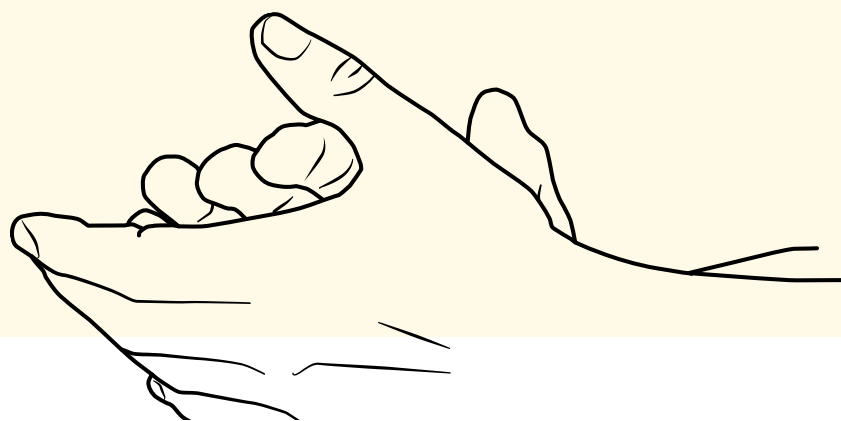
- GET TO KNOW YOUR CUSTOMERS: OBSERVE AND ANALYZE THEM WITH THE AVAILABLE TOOLS (CONVERSATIONS, SURVEYS, ONLINE ANALYTICAL TOOLS), ASK OPEN-ENDED QUESTIONS (QUESTIONS THAT CAN NOT BE ANSWERED WITH YES OR NO), AND LISTEN.
- BE EMPATHETIC: RECOGNISE THE OTHER PERSON'S EMOTIONS AND UNDERSTAND HOW THEY ARE FEELING.
- BE ASSERTIVE, WHEN NEEDED: LEARN TO SAY NO AND EXPRESS YOUR NEEDS CONFIDENTLY AND CALMLY.
- PROVIDE GOOD CUSTOMER SERVICE: DEVELOP STANDARDS AND COMMUNICATE WITH YOUR CUSTOMERS IN A CONSISTENT WAY.
- HANDLE CUSTOMERS' COMPLAINTS PROFESSIONALLY AND QUICKLY (DEVELOP AND COMMUNICATE YOUR STANDARDS).
- DO NOT TRY TO SELL ANYTHING, RATHER BUILD A RELATIONSHIP.
- BE HONEST.
- BE PREPARED.
- BE PATIENT.
- CHOOSE THE RIGHT CHANNELS OF COMMUNICATION:



A.J FACE-TO-FACE COMMUNICATION - IN YOUR SHOP, AT AN ART MARKET, ETC. IT IS IMPORTANT WHEN BUILDING A GOOD CUSTOMER RELATIONSHIP TO HAVE PERSONAL CONTACT WITH THEM, THEREFORE YOU HAVE TO LOOK FOR OPPORTUNITIES TO MEET YOUR CUSTOMERS REGULARLY IN PERSON. THROUGH FACE-TO-FACE COMMUNICATION, YOU CAN OFTEN CONVEY YOUR MESSAGE MORE EFFECTIVELY THAN THROUGH OTHER COMMUNICATION CHANNELS. YOU CAN MAKE A STRONGER CONNECTION, AS BODY LANGUAGE, GESTURES, AND FACIAL EXPRESSIONS ARE INVOLVED, AND YOU CAN REACT IMMEDIATELY TO EACH OTHER, ASK FOR AND RECEIVE FEEDBACK AND CLARIFY MISUNDERSTANDINGS. THE DISADVANTAGE OF FACE-TO-FACE COMMUNICATION IS THAT YOU CAN ONLY GET YOUR MESSAGE TO FEWER PEOPLE AT A TIME.

IPS FOR EFFECTIVE FACE-TO-FACE COMMUNICATION WITH CUSTOMERS:

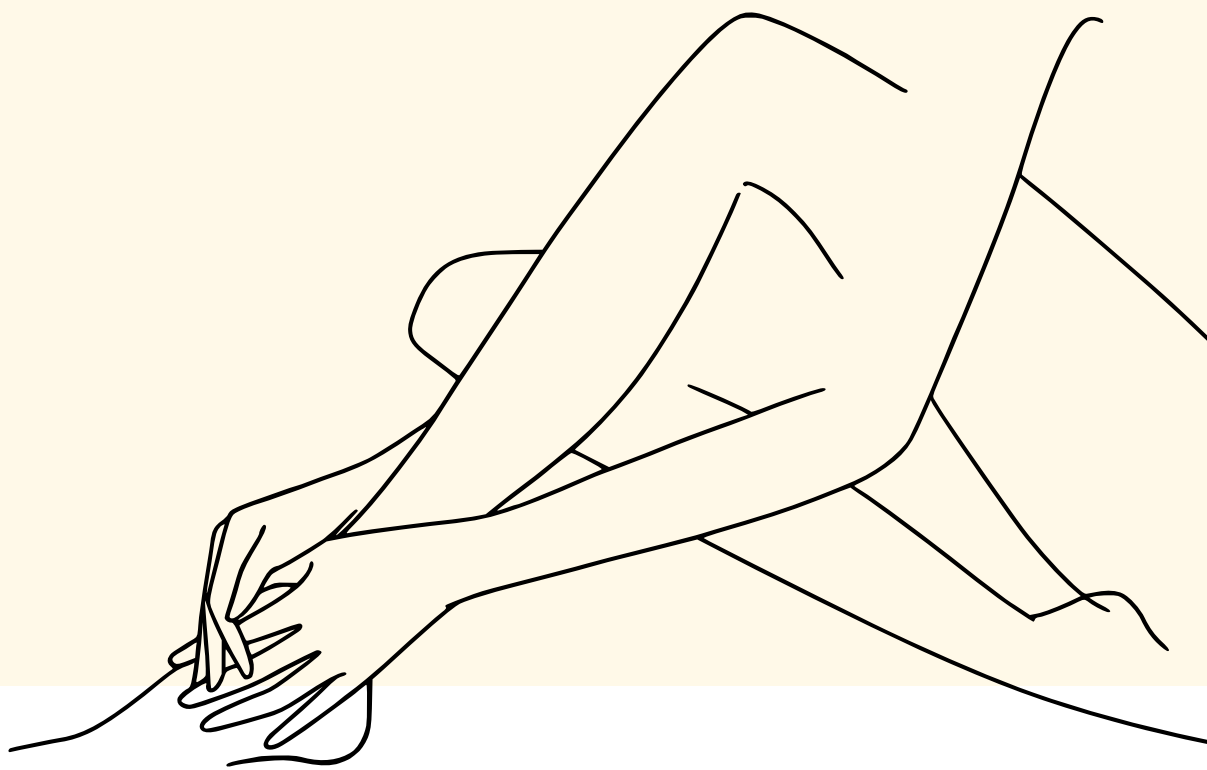
- ALWAYS GREET YOUR CUSTOMERS AND ASK HOW YOU CAN HELP
- TAKE INITIATIVE TO COMMUNICATE, AND BE PROACTIVE BUT DO NOT BE TOO PUSHY
- BE HONEST AND AUTHENTIC (STICK TO YOUR STORY)
- BE PREPARED, KNOW YOUR PRODUCT/SERVICE THOROUGHLY, YOU MIGHT GET TRICKY QUESTIONS THAT YOU HAVE TO ANSWER QUICKLY
- REPHRASE WHAT YOUR CUSTOMER SAYS AND REPEAT IT TO CLARIFY



- ASK FOR FEEDBACK: „SO, YOU ARE SAYING...?“
- PAY ATTENTION TO NON-VERBAL CUES
- PAY ATTENTION TO YOUR OWN BODY LANGUAGE:
 - KEEP EYE CONTACT
 - UPRIGHT POSTURE
 - RELAXED FACIAL EXPRESSION, SMILE
 - NO FOLDED ARMS

EXERCISE

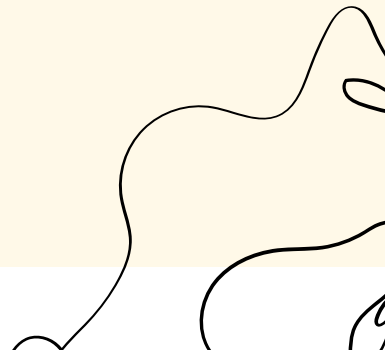
AT THE ART MARKET - CREATE A FICTIONAL SHORT SCENE IN PAIRS. PRESENT YOUR DIALOGUES TO THE GROUP, WHILE THE AUDIENCE OBSERVES HOW THE COMMUNICATION PROCESS. HOW DID IT WORK? WAS IT A SUCCESSFUL COMMUNICATION? WHAT WAS THE COMMUNICATION STYLE OF EACH PARTNER? HOW WAS THE CHOICE OF WORDS, NONVERBAL COMMUNICATION, AND BODY LANGUAGE? ANALYSE THE SITUATION TOGETHER.



B.) PHONE -THERE WILL BE SITUATIONS WHERE YOU WILL TALK TO YOUR CUSTOMER ON THE PHONE. PHONE CALLS HAVE SOME OF THE ADVANTAGES OF FACE-TO-FACE COMMUNICATION (IMMEDIATE OPPORTUNITY FOR FEEDBACK AND CLARIFICATION, BUILDING PERSONAL RELATIONSHIPS, ETC.) BUT THERE ARE ALSO TYPICAL OBSTACLES. DUE TO THE LACK OF VISUALITY, NON-VERBAL FACTORS CANNOT BE INTERPRETED, SOME THINGS MAY BE MORE DIFFICULT TO EXPLAIN. ESPECIALLY, IN A LANGUAGE OTHER THAN YOUR NATIVE LANGUAGE, IT CAN SOMETIMES BE DIFFICULT TO MAKE YOURSELF UNDERSTOOD AND UNDERSTAND CORRECTLY WHAT THE OTHER IS SAYING. HOWEVER, PHONE CALLS CAN BE A QUICK AND EFFECTIVE CHANNEL OF COMMUNICATION, IF YOU FOLLOW CERTAIN GUIDELINES. YOU MIGHT RECEIVE UNEXPECTED INQUIRIES OR WANT TO CALL A CUSTOMER FOR AN APPOINTMENT, ETC.

TIPS FOR EFFECTIVE COMMUNICATION ON THE PHONE:

- GREETING: SAY HELLO AND ALWAYS SAY YOUR NAME
- LISTEN TO YOUR CUSTOMER'S NAME. IF YOU DIDN'T UNDERSTAND IT, ASK THEM TO REPEAT OR SPELL THEIR NAME, AND USE IT DURING THE CONVERSATION WHEN ADDRESSING THEM
- USE A CALM AND POSITIVE TONE (SMILING HELPS)
- DON'T TALK TOO FAST
- MAKE SURE YOU EXPRESS YOURSELF CLEARLY, USE RATHER SIMPLE SENTENCES



- TAKE SURE YOU UNDERSTAND WHAT THE OTHER IS SAYING, ASK FOR CLARIFICATION
- ASK FOR FEEDBACK TO MAKE SURE THE OTHER UNDERSTANDS WHAT YOU ARE SAYING
- TAKE NOTES AND KEEP A LOG OF YOUR PHONE CALLS
- BEFORE ENDING THE CONVERSATION MAKE SURE THAT IT IS CLEAR IF THE ISSUE HAS BEEN RESOLVED OR IF THERE WILL BE A FOLLOW-UP AND WHEN IN ORDER TO MANAGE EXPECTATIONS
- ALWAYS BE PREPARED - IN THE BEGINNING IT MIGHT EVEN HELP TO HAVE A SMALL MEMO NOTE (AND A PEN) AT HAND /BY YOUR PHONE, WITH ALL THE IMPORTANT THINGS TO KEEP IN MIND

C.) WRITING (OFFLINE) - IN THE CREATIVE/CULTURAL FIELD CUSTOMERS SOMETIMES STILL PREFER TO RECEIVE INFORMATION VIA TRADITIONAL MAIL. A PRINTED INVITATION TO AN EXHIBITION OR AN ART FAIR MAY HAVE A PARTICULARLY VALUABLE EFFECT, THAT CAN MAKE KEY CUSTOMERS FEEL EVEN MORE IMPORTANT. HOWEVER, THIS IS AN EXPENSIVE, TIME-CONSUMING, AND UNSUSTAINABLE SOLUTION, AND THEREFORE IT IS IMPORTANT TO CONSIDER WHETHER IT IS WORTH THE EFFORT OR IF IT IS POSSIBLE TO REPLACE IT ELECTRONICALLY. ANOTHER EXAMPLE OF OFFLINE WRITTEN COMMUNICATION OCCURS AT THE DELIVERY OF YOUR PRODUCT. THE WRITTEN INVOICE, YOUR BUSINESS CARD, AND POSSIBLY A FRIENDLY MESSAGE SENT WITH THE PRODUCT ALL CARRY A MESSAGE. MAKE SURE THAT THE OVERALL EFFECT IS CONSISTENT, TASTEFUL, AND AS PERSONAL AS POSSIBLE.

D.) ONLINE COMMUNICATION

- WEBSITE (ESSENTIAL, PRIMARY COMMUNICATION CHANNEL)
- EMAIL (BEST WAY TO COMMUNICATE WITH YOUR CUSTOMERS: CHEAP, CONVENIENT, AND QUICK)
- SOCIAL MEDIA (YOU CAN PROMOTE YOUR BRAND BUT ALSO BUILD ONE-ON-ONE RELATIONSHIPS WITH CUSTOMERS)
- TEXT MESSAGES
- NEWSLETTERS

TIPS FOR ONLINE COMMUNICATION:

- IN THE CREATIVE AND CULTURAL MARKET, THE CUSTOMERS WILL WANT TO KNOW ABOUT THE ARTIST AS A PERSON. BE HONEST AND PERSONAL.
- PUBLISH IMPORTANT INFORMATION ABOUT YOUR BUSINESS, YOUR MISSION STATEMENT, YOUR BIOGRAPHY, AND YOUR STORY ON YOUR WEBSITE. THIS INFORMATION HELPS YOUR CUSTOMERS UNDERSTAND YOU AND YOUR VALUES
- ASK FOR FEEDBACK E.G. BY ADDING A FEEDBACK FORM TO YOUR WEBSITE.
- ADD CONTACT DETAILS TO YOUR WEBSITE.
- RESPOND TO EMAILS, AND REQUESTS WITHIN 24 HOURS. (IF THIS IS NOT POSSIBLE, YOU CAN INSTALL AN AUTOMATED RESPONSE TO MANAGE CUSTOMERS' EXPECTATIONS.)



- USE SOCIAL MEDIA TO BUILD CONNECTIONS AND ENGAGE CUSTOMERS, NOT TO SELL YOUR PRODUCT.
- ALWAYS REACT TO BOTH POSITIVE AND NEGATIVE COMMENTS ON SOCIAL MEDIA AND YOUR WEBSITE (HANDLE NEGATIVE COMMENTS PROFESSIONALLY AND POLITELY).
- USE GOOD QUALITY VISUAL CONTENTS ON SOCIAL MEDIA AND WEBSITE.
- BE PRESENT, POST FREQUENTLY BUT NOT TOO MUCH (2-3 POSTS/STORIES PER WEEK IN THE BEGINNING).
- USE RELEVANT HASHTAGS (CHECK YOUR COMPETITORS' SOCIAL MEDIA PROFILES AND YOUR CUSTOMERS' PREFERENCES).
- IN NEWSLETTERS, YOU CAN INFORM YOUR CUSTOMERS ABOUT NEW PROJECTS, SUCCESS STORIES, AND UPCOMING EVENTS. MAKE SURE YOU HAVE YOUR CUSTOMERS' PERMISSION TO SEND THEM YOUR NEWSLETTER.

EXERCISE

MAKE A LIST OF 10 HASHTAGS THAT YOU COULD THINK OF FOR YOUR BRAND. THEN DO RESEARCH ON THE INSTAGRAM PAGES OF YOUR COMPETITORS AND COLLECT THE 10 MOST POPULAR HASHTAGS. (YOU CAN CHECK THE NUMBER OF POSTS BY CLICKING ON THEM.) WHAT ARE YOUR EXPERIENCES? IS THERE A DISCREPANCY?

READ MORE ABOUT THE IMPORTANCE OF HASHTAGS:

[HTTPS://GLEAM.IO/BLOG/HASHTAG-STRATEGY/](https://gleam.io/blog/hashtag-strategy/)

2.3. COMMUNICATION WITH THE MEDIA

IN ORDER TO BUILD CUSTOMER CONFIDENCE, IT IS IMPORTANT TO GET POSITIVE MEDIA COVERAGE. FOR A NEW BUSINESS, IT IS CHALLENGING TO FIND SUITABLE MEDIA AND A WAY TO ENGAGE WITH THEM.

FIRST, SOME RESEARCH NEEDS TO BE DONE TO MAP THE MEDIA LANDSCAPE: PRINT MEDIA, TV, RADIO, AND ONLINE. THE SECOND STEP IS TO FILTER THOSE THAT COVER TOPICS WHERE YOU AND YOUR BUSINESS COULD FIT IN. LIST THE TITLES OF THOSE AND FIND THE ACTUAL NAMES OF THE PEOPLE IN CHARGE. CREATE A SPREADSHEET WHERE YOU CAN TRACK ALL YOUR CONTACTS AND MEDIA COMMUNICATION.

IT IS USEFUL TO BUILD RELATIONSHIPS WITH THE REPRESENTATIVES OF THE MEDIA. USUALLY, YOU WILL COMMUNICATE VIA EMAIL, HOWEVER, IT IS ADVISABLE TO FIRST CONTACT THEM BY PHONE. THIS WAY YOU CAN ADDRESS THE RECIPIENTS BY THEIR NAMES. YOU WILL THEN EMAIL THE PRESS RELEASE, WHICH MUST BE CONCISE (MAX. 2500 CHARACTERS) AND WELL WRITTEN. A CATCHY TITLE SHOULD REFER TO THE CONTENT AND GOOD, PRINT QUALITY (300DPI) PHOTOS HAVE TO BE ATTACHED OR SENT VIA A FILE TRANSFER (E.G. WETRANSFER.COM) THE TEXT LEAD SHOULD CONTAIN THE ANSWERS TO THE FOLLOWING KEY QUESTIONS: WHO? WHAT? HOW? WHERE? WHEN? IF YOU SEND THE SAME EMAIL TO MORE THAN ONE RECIPIENT,

MAKE SURE THAT THE OTHER RECIPIENTS' EMAIL ADDRESSES REMAIN HIDDEN (BCC). 2-3 DAYS AFTER YOUR EMAIL YOU WILL HAVE TO CALL AGAIN TO SEE IF THEY HAVE RECEIVED YOUR EMAIL OR NEED MORE INFORMATION. THE BEST TIME TO CALL AN EDITORIAL OFFICE IS IN THE LATE MORNING OR EARLY AFTERNOON.

YOU WILL HAVE TO PLAN YOUR COMMUNICATION WITH THE MEDIA WELL IF YOU WANT YOUR STORY TO BE COVERED. MONTHLY MEDIA HAVE AT LEAST 6 WEEKS LEAD TIME (THAT MEANS THEY WON'T COVER ANY STORIES COMING IN LATER THAN 6 WEEKS BEFORE THE RELEASE DATE). WEEKLY MEDIA HAVE 3-4 WEEKS LEAD TIME AND DAILY MEDIA HAS UP TO 2 WEEKS.

IN CASE YOU ARE INTRODUCING A NEW PRODUCT, OPENING A NEW SHOP OR HAVING A NEW EXHIBITION OPENING, ETC. IT CAN ALSO BE A GOOD IDEA TO ORGANISE A PRESS CONFERENCE OR MEDIA EVENT AND INVITE KEY MEDIA CONTACTS. THIS EVENT CREATES A CHANCE FOR MORE PERSONAL INTERACTION AND HELPS BUILD THE RELATIONSHIP.

PRESSWORK MEANS A LOT OF WORK AND CAN BE VERY FRUSTRATING AT SOME TIMES. MOST OFTEN IT IS NOT POSSIBLE TO GET MEDIA APPEARANCE FOR FREE. YOU USUALLY HAVE TO PAY A LOT FOR ARTICLES (ADVERTISEMENTS) HOWEVER, IT IS VERY IMPORTANT NOT TO GIVE UP, BE CREATIVE AND TRY AGAIN. ONLY CONTINUOUS AND REGULAR PRESS WORK WILL LEAD TO SUCCESS.

EXERCISE

MAKE A LIST OF 3-5 LOCAL PRINT MEDIA THAT YOU WOULD LIKE TO BUILD A RELATIONSHIP WITH IN ORDER TO GET COVERAGE. FIND OUT THE NAMES OF THE EDITOR-IN-CHIEF AND THE COLUMN LEADER. WHAT ARE THEIR PROFILES, HOW OFTEN ARE THEY RELEASED AND WHAT ARE THE PERMANENT COLUMNS?

ALSO KEEP IN MIND THAT NOWADAYS ESTABLISHING GOOD RELATIONSHIPS WITH RELEVANT INFLUENCERS ON YOUTUBE, INSTAGRAM, TIK TOK, ETC. CAN ALMOST BE EVEN MORE IMPORTANT THAN PRESS RELATIONS, AS CERTAIN TARGET GROUPS ARE PARTICULARLY WELL REACHED BY THEM. HERE, TOO, THE COOPERATIONS ARE USUALLY NOT FOR FREE, BUT THERE ARE SEVERAL POSSIBILITIES FOR MORE INDIVIDUAL CONSTRUCTIONS TO BE NEGOTIATED. (E.G. APPEARANCE IN EXCHANGE FOR PRODUCTS OR SERVICES, ETC.)

READ MORE ABOUT INFLUENCERS

[HTTPS://TAPFILIALTE.COM/BLOG/HOW-TO-FIND-KEY-INFLUENCERS-TO-PROMOTE-YOUR-BRAND/](https://tapfiliate.com/blog/how-to-find-key-influencers-to-promote-your-brand/)

2.4. COMMUNICATION WITH ART/CULTURAL ORGANISATIONS AND COMMUNITIES

WHEN ENTERING A COMPETITIVE MARKET YOU WILL ALWAYS HAVE TO GET TO KNOW YOUR COMPETITORS. AFTER ANALYSING THEM, YOU MIGHT FIND THAT YOU HAVE THE SAME CUSTOMERS, USE SIMILAR COMMUNICATION TOOLS, MARKETING METHODS, AND RESOURCES, AND OPERATE IN A SIMILAR WAY. ALSO, YOU ARE LIKELY TO FACE SIMILAR CHALLENGES AND OBSTACLES.

ESPECIALLY AS AN ACTOR IN THE CULTURAL AND CREATIVE FIELD, CONSISTING OF SMALL BUSINESSES AND SOLE ENTREPRENEURS, IT IS APPROPRIATE TREATING YOUR COMPETITORS AS ALLIES. JOIN EXISTING COMMUNITIES AND PROACTIVELY INITIATE NETWORKS OF ART WORKERS AND CREATIVE/CULTURAL BUSINESSES THAT CAN SHARE BEST PRACTICES, ACT JOINTLY, COOPERATE AND HELP EACH OTHER ON THE WAY TO MUTUAL SUCCESS.

IN MOST COUNTRIES, YOU WILL FIND PROFESSIONAL ORGANISATIONS IN THE CULTURAL AND CREATIVE FIELD THAT REPRESENT THE INTERESTS OF THEIR MEMBERS. THESE ORGANIZATIONS OFTEN ALSO HAVE A COMMUNITY-BUILDING FUNCTION. BY JOINING THEM, YOU BECOME PART OF A PROFESSIONAL COMMUNITY, BUILD RELATIONSHIPS, GET ACCESS TO GROUP EXHIBITION OPPORTUNITIES, APPEARANCES AT FAIRS, INFORMATION ON SCHOLARSHIPS, AND OPEN CALLS EASIER THAN INDIVIDUALLY. IN SOME CASES, BEING A MEMBER OF A PARTICULAR ORGANISATION MAY EVEN BE A CONDITION FOR PROFESSIONAL ACCEPTANCE - ALSO BY CUSTOMERS- AS A SORT OF GUARANTEE THAT YOUR WORK WILL BE OF GOOD QUALITY.

BE PROACTIVE, MAKE YOUR RESEARCH AND JOIN THE FORMAL AND INFORMAL COMMUNITIES OF THE FIELD YOU ARE OPERATING IN. BE AN ACTIVE PART OF YOUR COMMUNITY, REACT TO CALLS, SHARE YOUR OWN EXPERIENCES, AND ASK FOR ADVICE. TAKE PART IN COLLABORATIONS, JOINT EVENTS, AND PROMOTIONS, THIS WAY YOU CAN BUILD RELATIONSHIPS, MULTIPLY THE TARGET AUDIENCE, AND SHARE RESOURCES. IT IS ALSO IMPORTANT TO BUILD MUTUALLY REFERRAL RELATIONSHIPS (RECOMMEND YOUR COMPETITORS' PRODUCTS/SERVICES).

EXERCISE

LOOK FOR FORMAL ORGANISATIONS IN YOUR COUNTRY IN THE CULTURAL/CREATIVE SECTOR AND FIND OUT WHAT ARE THE CONDITIONS TO JOIN.



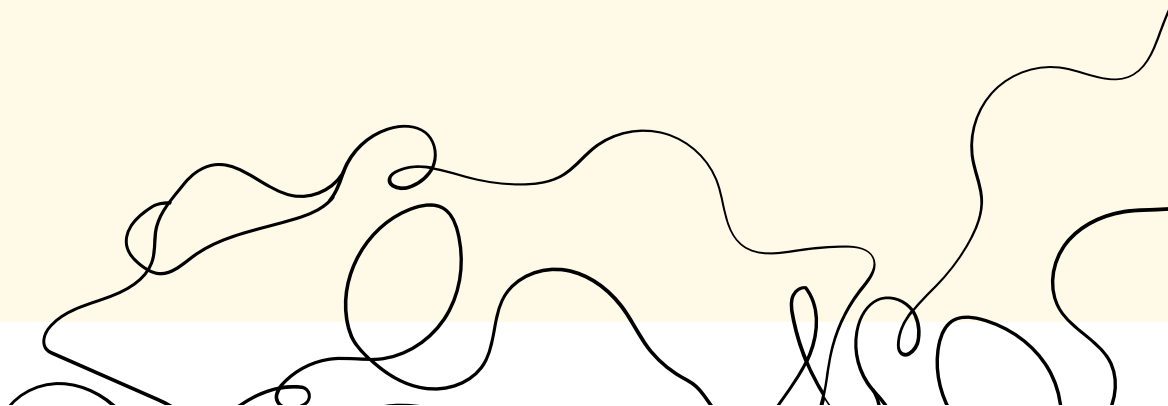
UNIT 3 - STORYTELLING

3.1. WHAT IS STORYTELLING

STORYTELLING IS ONE OF THE OLDEST UNIVERSAL ART FORMS, THAT EVERYONE UNDERSTANDS. STORIES STIMULATE THE IMAGINATION, EVOKE EMOTIONS AND BUILD A CONNECTION BETWEEN THE LISTENER AND THE NARRATOR.

STORYTELLING IN MARKETING MEANS THAT YOU ARE USING A NARRATIVE TO CONVEY YOUR BRAND MESSAGE. WITH THIS COMMUNICATION TOOL, YOU CAN SHARE YOUR VALUES AND PERSONALITY, BUILD AND STRENGTHEN RELATIONSHIPS WITH CUSTOMERS. STORYTELLING CAN HELP PEOPLE CONNECT, AND UNDERSTAND WHO YOU ARE AND WHAT YOUR BUSINESS STANDS FOR.

STORYTELLING IS NOT ADVERTISEMENT WITH THE DIRECT INTENTION OF SELLING A PRODUCT/SERVICE, BUT IT WILL AFFECT HOW OTHERS SEE YOU AND YOUR BUSINESS. YOUR STORY WILL SHAPE PERCEPTIONS AND ATTITUDES TOWARDS YOU/YOUR BUSINESS AND INFLUENCE PURCHASE INTENTIONS AND BRAND LOYALTY. A CAPTIVATING AND UNIQUE STORY WILL STAND OUT MORE THAN A SIMPLE ADVERTISEMENT AND RESULT IN MORE ATTENTION, A DEEPER AND MORE COMPLEX UNDERSTANDING, AND WILL BE REMEMBERED BETTER.



3.2. HOW TO CREATE A GOOD STORY?

STORIES INSPIRE AND MOTIVATE ACTION, THEY ARE CAPABLE OF SIMPLIFYING COMPLEX MESSAGES AND BRINGING PEOPLE TOGETHER.

A GOOD STORY WILL BE:

- ENTERTAINING THE AUDIENCE AND MAINTAINING THEIR INTEREST
- AROUSING CURIOSITY AND PROVIDING INFORMATION
- RELATABLE TO THE AUDIENCE, BASED ON SHARED EXPERIENCES OR EMOTIONS
- WELL STRUCTURED
- MEMORABLE

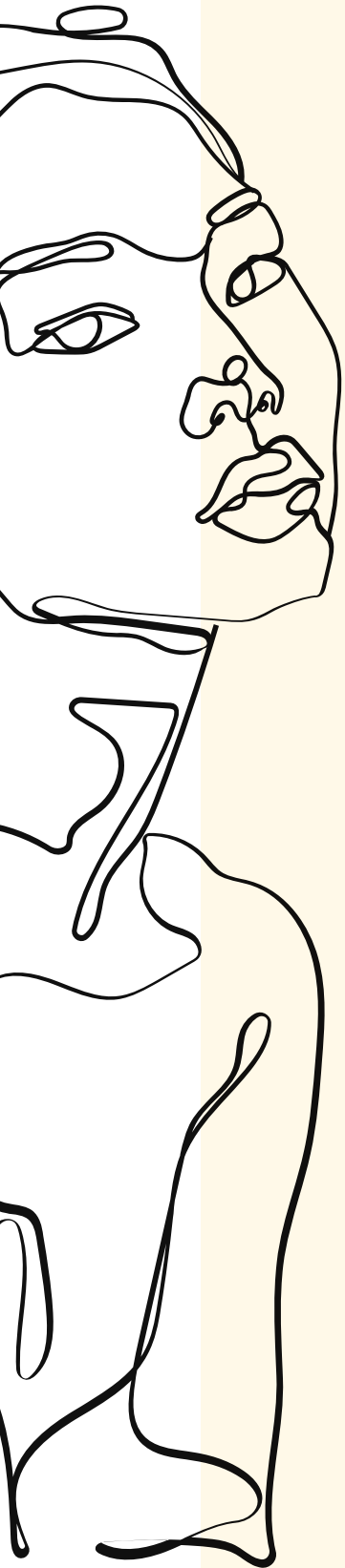
IN ORDER TO CREATE A GOOD AND CAPTIVATING STORY, YOU WILL HAVE TO DEFINE YOUR CORE VALUES FIRST. WHAT IS IT THAT YOU/YOUR BUSINESS STANDS FOR? WHAT ARE THE CORE BELIEFS OF YOUR BUSINESS THAT YOUR IDENTITY IS BASED ON? CREATE A SHORT AND CONCISE STATEMENT, WHICH WILL SERVE AS A GUIDELINE THROUGHOUT ALL YOUR ACTIVITIES AS A BUSINESS.

EXERCISE

CREATE A SHORT STATEMENT FOR YOUR BUSINESS.

3.3. THE STORYTELLING PROCESS

- DEFINE YOUR AUDIENCE.
- DECIDE WHAT KIND OF STORY YOU ARE TELLING.
 - A STORY THAT ENCOURAGES ACTION DESCRIBES HOW A SUCCESSFUL ACTION HAS BEEN COMPLETED IN THE PAST AND EXPLAIN HOW THE AUDIENCE CAN GET THERE TOO
 - A STORY ABOUT YOURSELF IS AUTHENTIC AND PERSONAL ABOUT STRUGGLES, FAILS, AND WINS, VERY APPRECIATED BY CUSTOMERS, ESPECIALLY IN THE CULTURAL AND CREATIVE MARKET.
 - A STORY THAT CONVEYS VALUES IS RELATABLE TO THE AUDIENCE WHO WILL UNDERSTAND HOW IT APPLIES TO THEIR OWN LIFE.
 - A STORY THAT PROMOTES COMMUNITY OR COLLABORATION MOTIVATES THE AUDIENCE TO DISCUSS AND SHARE IT WITH OTHERS.
 - A STORY THAT EDUCATES IS INFORMATIVE. THE AUDIENCE CAN LEARN ABOUT A PROBLEM AND HOW IT WAS RESOLVED.
- DEFINE YOUR CORE MESSAGE. WHAT IS THE INFORMATION YOU WOULD LIKE TO CONVEY? TRY TO SUMMARISE YOUR STORY IN A FEW WORDS. DEFINE YOUR CALL-TO-ACTION. WHAT IS THE GOAL, THE OBJECTIVE OF THE STORY? WHAT DO YOU WANT YOUR READERS/AUDIENCE TO DO AFTER READING/LISTENING TO YOUR STORY? (E.G. SUBSCRIBE TO YOUR NEWSLETTER, PARTICIPATE IN A SURVEY, ETC.)



- CHOOSE YOUR MEDIUM. (WRITTEN, SPOKEN, VIDEO, AUDIO, OR VISUAL)WRITE YOUR STORY.
- SHARE AND PROMOTE YOUR STORY.⁹

3.4. STORYTELLING TECHNIQUES

ALL STORIES ARE BASED ON 4 PILLARS: PEOPLE, PLACES, PLOT, PURPOSE. PEOPLE ARE THE CHARACTERS IN THE STORY, THAT INTERACT WITH THE ENVIRONMENT. THEY ARE THE MOST IMPORTANT COMPONENTS OF THE STORY AND MUST BE WELL PRESENTED BECAUSE THE AUDIENCE WILL RELATE TO AND CONNECT WITH STRONG CHARACTERS. THE AUDIENCE WILL JUDGE THE STORY'S AUTHENTICITY BY THE DESCRIPTION OF THE PLACE. BY DESCRIBING THE LOCATION AND TIME (TOGETHER PLACE) OF THE STORY ADEQUATELY THE AUDIENCE CAN PICTURE THE SITUATION, WHICH WILL MAKE THE STORY REAL FOR THEM. THE PURPOSE OF THE STORY IS BASICALLY THE INFORMATION THAT IS INTENDED TO BE CONVEYED. THE PURPOSE SHOULD ALWAYS BE WELL DEFINED, CLEAR AND EASY TO UNDERSTAND. THE PLOT OF THE STORY MUST BE WELL STRUCTURED, THEY SHOULD BUILD ON A BEGINNING (A HOOK), A MIDDLE (DRAMATIC EVOLUTION, CLIMAX), AND AN ENDING.



3.4.1 STORYTELLING FORMULAS

THERE ARE SEVERAL STORYTELLING FORMULAS, THAT CAN BE USED IN DIFFERENT SITUATIONS OF COMMUNICATION, MANY OF WHICH CAN BE EFFECTIVELY IMPLEMENTED WHEN OPERATING ON THE CREATIVE AND CULTURAL MARKET.

MONOMYTH STORYTELLING IS ALSO CALLED THE „HERO’S JOURNEY“. IN THE STARTING POINT, THE HERO MOVES FROM A KNOWN PLACE TO THE UNKNOWN, ENCOUNTERS CHALLENGES, AND RETURNS WITH NEWLY ACQUIRED KNOWLEDGE AND EXPERIENCE THAT WILL BENEFIT THE COMMUNITY. THIS TYPE OF STORYTELLING CAN BE USED VERY EFFECTIVELY ALSO IN THE CULTURAL AND CREATIVE FIELD.¹⁰

STAGES OF THE HERO’S JOURNEY STORYTELLING:

- THE CONVENTIONAL MARKET
- FACING A CHALLENGE
- REJECTING THE CHALLENGE
- APPOINTING THE SAGE
- CROSSING INTO THE UNFAMILIAR
- MAPPING THE ROAD OF CHALLENGES
- FACING THE FINAL CHALLENGE
- LOOKING BACK AT THE CHANGES YOU’VE UNDERGONE
- LOOKING FORWARD TO NEW CHALLENGES THROUGH A CHANGED OUTLOOK
- CELEBRATING YOUR VICTORY¹¹

¹⁰ [HTTPS://EN.WIKIPEDIA.ORG/WIKI/HERO%27S_JOURNEY](https://en.wikipedia.org/wiki/Hero%27s_Journey)

¹¹ [HTTPS://CONTENTMARKETINGINSTITUTE.COM/2013/03/BRAND-STORYTELLING-CONTENT-MARKETING-HEROS-JOURNEY/](https://contentmarketinginstitute.com/2013/03/brand-storytelling-content-marketing-heros-journey/)

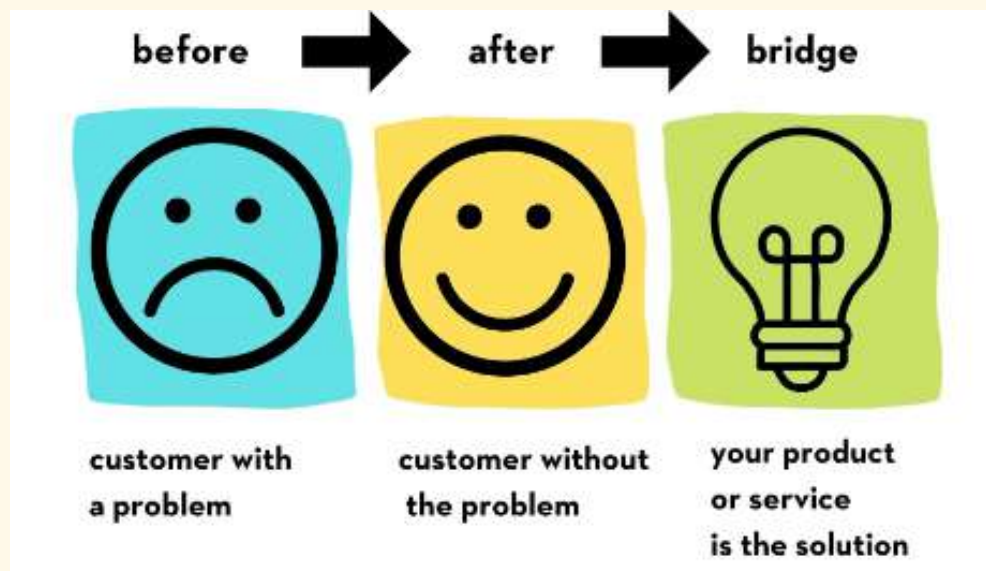
WATCH THE VIDEOS FOR SOME GOOD STORYTELLING EXAMPLES:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=OXDI1L_ZJKA](https://www.youtube.com/watch?v=OXDI1L_ZJKA)

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=SGQZE8GMDEK](https://www.youtube.com/watch?v=SGQZE8GMDEK)

[HTTPS://YOUTU.BE/7S22HX18WDY](https://youtu.be/7S22HX18WDY)

THE BEFORE-AFTER-BRIDGE FORMULA IS ONE OF THE MOST POPULAR AND SIMPLE STORYTELLING TECHNIQUES. THE STORY STARTS WITH DESCRIBING A PROBLEM (BEFORE), THE SECOND PART DESCRIBES THE WORLD WITHOUT THE PROBLEM (AFTER), AND THE THIRD PART THE SOLUTION HOW TO GET THERE (BRIDGE).



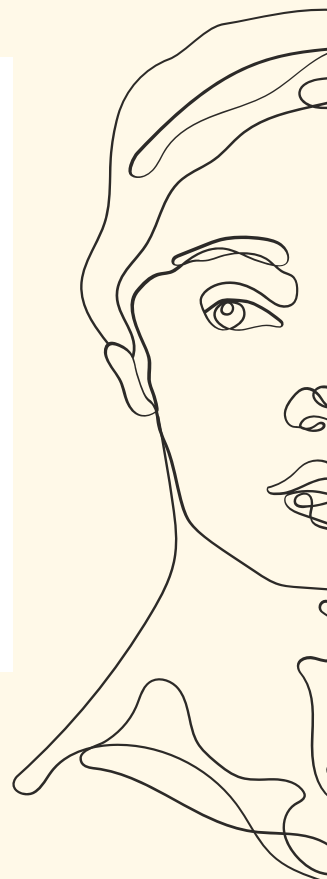
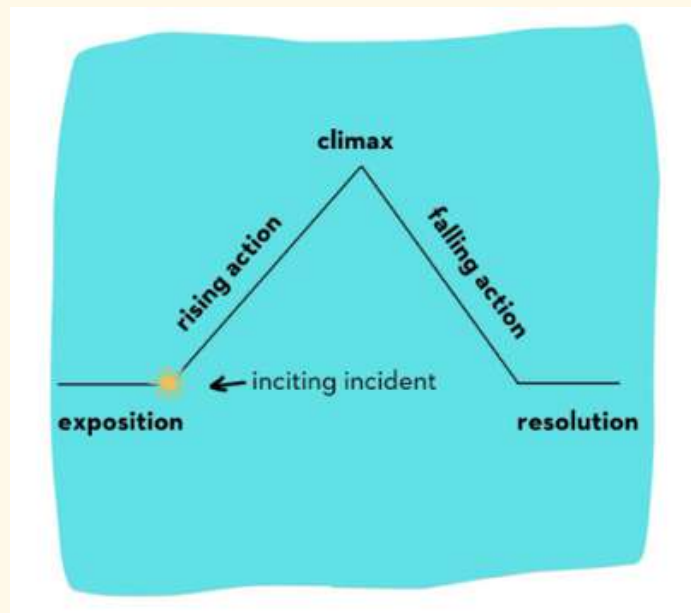
A GOOD EXAMPLE FOR THE BEFORE-AFTER-BRIDGE FORMULA:

[HTTPS://WWW.FACEBOOK.COM/KELOPTIC/PHOTOS/A.413769818](https://www.facebook.com/keleptic/photos/a.413769818654017/1814124341951884/?type=3)

[654017/1814124341951884/?TYPE=3](https://www.facebook.com/keleptic/photos/a.413769818654017/1814124341951884/?type=3)

FREYTAG'S PYRAMIDE¹² IS A DRAMATIC STRUCTURE FOR STORYTELLING, WHICH IS WIDELY USED. IT CONTAINS 5 STAGES:

- **EXPOSITION:** INTRODUCTION OF THE BACKGROUND INFORMATION (WHO? WHERE? WHAT? WHY?) THE EXPOSITION ENDS WITH AN **INCITING INCIDENT**, WHICH IS THE EVENT THAT TRIGGERS THE STORY.
- **RISING ACTION:** EXPLORES THE SITUATION AND INCREASE TENSION THAT WAS CAUSED BY THE INCITING INCIDENT (CATALYST EVENT), UNTIL THE CLIMAX
- **CLIMAX:** THE PEAK OF THE STORY, WHERE THE PREVIOUS PARTS LEAD TO, OFTEN A CONFRONTATION OR A MOMENT OF TRUTH
- **FALLING ACTION:** THE INITIAL CONFLICT IS SOLVED
- **RESOLUTION:** ENDING THE STORY BY TYING UP LOOSE ENDS (DENOUEMENT) AND APPROACHING CONCLUSIONS



¹² [HTTPS://EN.WIKIPEDIA.ORG/WIKI/DRAMATIC_STRUCTURE#FREYTAG'S_PYRAMID](https://en.wikipedia.org/wiki/Dramatic_structure#Freytag's_Pyramid)

REGARDLESS OF THE FORMULA, YOU WILL IMPLEMENT WHEN CREATING YOUR STORY, ALWAYS BE HONEST AND AUTHENTIC, AND BELIEVE YOUR STORY YOURSELF. COLLECT AND ANALYSE THE STORIES OF OTHERS, BUT BE CREATIVE AND INVENT YOUR OWN. ALWAYS STATE THE REASON WHY YOU ARE TELLING YOUR STORY, MAKE YOUR MESSAGE CLEAR. TEST YOUR STORY BEFORE LAUNCHING IT AND ASK FOR FEEDBACK. PRACTICE AND CONSTANTLY TRY TO IMPROVE YOUR STORYTELLING SKILLS.

READ MORE ABOUT STORYTELLING:

[HTTPS://WWW.REFERRALCANDY.COM/BLOG/STORYTELLING-FORMULAS](https://www.referralcandy.com/blog/storytelling-formulas)

[HTTPS://NORSENSUS.NO/STORYDOWN/STORYTELLING-TECHNIQUES/](https://norsensus.no/storydown/storytelling-techniques/)

[HTTPS://BLOG.HUBSPOT.COM/MARKETING/PSYCHOLOGY-OF-STORIES-STORYTELLING-FORMULA](https://blog.hubspot.com/marketing/psychology-of-stories-storytelling-formula)

EXERCISE

WRITE YOUR STORY. CHOSE A STORYTELLING FORMULA THAT SUITS YOU. KEEP IN MIND THE 4 PS AND YOUR STATEMENT THAT SHOULD SERVE AS A GUIDLINE.



3.5. VISUAL STORYTELLING: CORPORATE IMAGE

CORPORATE IMAGE IS HOW YOUR BUSINESS PRESENTS ITSELF TO THE WORLD VISUALLY. IN ADDITION TO THE PRODUCT/SERVICE ITSELF, THE CLEAR AND COMPREHENSIBLE VALUES, THE AUTHENTIC AND CONSISTENT COMMUNICATION, THE GOOD STORY, THE VISUAL APPEARANCE WILL DEFINE THE IMAGE OF THE BUSINESS.

THE CORPORATE IMAGE IS A COMPLEX SYSTEM OF FEATURES THAT ARE USED TO IDENTIFY A BUSINESS IN LINE WITH ITS PRODUCTS/SERVICES AND VERBAL COMMUNICATION. THESE FEATURES CAN BE SHAPES, COLORS, IMAGES, FONTS, ETC WHICH HAVE TO BE UNIQUE, PROFESSIONALLY DESIGNED AND EXECUTED, UNIFIED, AND EASILY RECOGNISABLE.

IT IS DESIRABLE THAT THE VISUAL ELEMENT ARE DESIGNED AND CARRIED OUT PROFESSIONALLY BY A GRAPHIC DESIGNER, HOWEVER THERE ARE ALSO MANY TOOLS AVAILABLE THAT CAN HELP TO CREATE THEM COST-EFFECTIVELY IN GOOD QUALITY YOURSELF.

3.5.1.LOGO

A LOGO IS A GRAPHIC MARK, EMBLEM, OR SYMBOL USED TO AID AND PROMOTE PUBLIC IDENTIFICATION AND RECOGNITION. IT MAY BE OF AN ABSTRACT OR FIGURATIVE DESIGN OR INCLUDE THE TEXT OF THE NAME IT REPRESENTS AS IN A WORDMARK.¹³ IT IS OF GREAT IMPORTANCE FOR ANY BRAND TO HAVE A WELL-DESIGNED AND EXECUTED LOGO.

¹³ [HTTPS://EN.WIKIPEDIA.ORG/WIKI/LOGO](https://en.wikipedia.org/wiki/Logo)

A GOOD LOGO SHOULD BE:

- SIMPLE - CLEAR MESSAGES, MINIMALISTIC DESIGN SHOULD HELP UNDERSTANDING IT IN AN INSTANT
- RELEVANT - THE LOGO SHOULD CONNECT WITH YOUR AUDIENCE, YOUR PRODUCT/SERVICE AND YOUR VALUES
- DISTINCT AND MEMORABLE - USE DESIGN ELEMENTS THAT DO NOT NECESSARELY MATCH THE CURRENT TRENDS
- TIMELESS - LOGOS CAN BE UPDATED, BUT CONSTANT CHANGES MIGHT CONFUSE THE CUSTOMERS
- VERSATILE AND ADAPTABLE - THE LOGO SHOULD WORK IN DIFFERENT COLOR SCHEMES, ON DIFFERENT MEDIA, BOTH DIGITAL AND PRINT

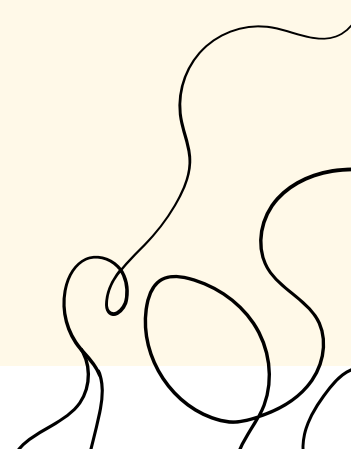
IT IS ADVISABLE TO INVEST IN A GOOD AND UNIQUE LOGO AND ENTRUST IT TO A PROFESSIONAL GRAPHIC DESIGNER, AS IT SHOULD BE THE ESSENCE OF YOUR BRAND THAT YOU WILL USE FOR A LONGER PERIOD. HOWEVER, IT IS ALSO POSSIBLE TO CREATE A LOGO YOURSELF WITH A LOGO GENERATOR, E.G. IN **CANVA** OR **LOOKA**

LOOK AT SOME AWARD-WINNING LOGOS:

[HTTPS://WWW.AWWWARDS.COM/99-CREATIVE-LOGO-DESIGNS-FOR-INSPIRATION.HTML](https://www.awwwards.com/99-creative-logo-designs-for-inspiration.html)

EXERCISE

CREATE A LOGO IN ONE OF THE LOGO GENERATORS



3.5.2. COLOR PALETTES

A COLOR PALETTE IS THE FULL RANGE OF COLORS THAT DEFINE A BRAND'S IDENTITY. WHEN CHOOSING THE COLOR PALETTE YOU NEED TO UNDERSTAND WHAT COLORS MEAN, WHAT THEY ARE ASSOCIATED WITH AND WHAT EMOTIONS THEY USUALLY EVOKE IN CUSTOMERS. YOU WILL ALSO HAVE TO LOOK AT YOUR COMPETITORS' COLOR PAlettes, AS YOU WILL WANT TO STAND OUT AND NOT BE CONFUSED WITH THEM. IT IS WORTH CREATING A MOOD BOARD - A VISUAL TOOL THAT REPRESENTS YOUR IDEAS AND CONCEPTS THROUGH COLLAGES, COLORS, TEXTURES, ETC - WITH YOUR IDEAS AND ALSO WITH YOUR COMPETITORS' COLOR PAlettes TO COMPARE HOW YOURS FIT IN.



MOODBOARD: [HTTPS://WWW.AUFWAERTS-DESIGN.DE/WARUM-BRAUCHE-ICH-EIN-MOODBOARD/](https://www.aufwaerts-design.de/warum-brauche-ich-ein-moodboard/) CREDIT:CGERMER

WHEN CREATING YOUR COLOR PALETTE, I.E. CHOOSING THE EXACT COLORS YOU WILL CONSISTENTLY USE IN YOUR LOGO, ON YOUR WEBSITE, BUSINESS CARDS, AND OTHER PRINTED MATERIAL - CONSIDER THE DIFFERENT USES OF THE COLOR PALETTE AND THAT YOUR COLORS ARE IN HARMONY WITH EACH OTHER. A GOOD TOOL FOR SELECTING THE RIGHT COLORS IS CANVA'S COLOR PALETTE GENERATOR ([HTTPS://WWW.CANVA.COM/COLORS/COLOR-PALETTE-GENERATOR/](https://www.canva.com/colors/color-palette-generator/)) AMONG OTHERS. ONCE YOU HAVE CHOSEN YOUR COLOR PALETTE, YOU SHOULD STICK TO IT.¹⁴

READ MORE ABOUT THE IMPORTANCE OF SELECTING THE RIGHT COLORS FOR YOUR BRAND:

[HTTPS://WWW.CANVA.COM/LEARN/CHOOSE-RIGHT-COLORS-BRAND/](https://www.canva.com/learn/choose-right-colors-brand/)

EXAMPLES FOR COLOR PALETES:

[HTTPS://WWW.BOLDWEBDESIGN.COM.AU/COLOUR-PALETES/](https://www.boldwebdesign.com.au/colour-palettes/)

EXERCISE

TRY TO CREATE COLOR PALETES FOR YOUR BUSINESS. EXPLAIN YOUR CHOICE OF COLORS. WHAT IS IT THAT YOU WANT TO EXPRESS WITH THEM, WHAT IS THE MOOD, THE STORY THAT THE COLOR SELECTION CONVEYS?

THERE ARE MANY COLOR PALETTE GENERATORS ONLINE. YOU CAN CREATE COLOR PALETES HERE: [HTTPS://COLORS.CO/](https://colors.co/) OR [HTTPS://WWW.CANVA.COM/COLORS/COLOR-PALETTE-GENERATOR/](https://www.canva.com/colors/color-palette-generator/)

¹⁴ [HTTPS://WWW.CANVA.COM/LEARN/CHOOSE-RIGHT-COLORS-BRAND/](https://www.canva.com/learn/choose-right-colors-brand/)

3.5.3. FONTS

CHOOSING OR CREATING THE PERFECT FONT FOR YOUR BUSINESS IS ALSO AN IMPORTANT PART OF YOUR BRAND IMAGE. HERE AGAIN, YOU NEED TO TAKE INTO CONSIDERATION THE TARGET AUDIENCE'S CHARACTERISTICS, EXPECTATIONS, AND PERCEPTION OF YOUR BRAND IMAGE. ALSO, IT IS IMPORTANT THAT YOU CHOSE A UNIFIED AND ADAPTABLE FONT THAT CAN BE USED ON YOUR WEBSITE, AS WELL AS ON YOUR PRINTED MATERIALS. THE LESS ORNATE, SIMPLE FONTS ARE CONSIDERED MORE MODERN AND CLEAN, HOWEVER, THE MOST IMPORTANT ASPECT WHEN CHOOSING THE RIGHT FONT IS READABILITY. WHEN YOU FOUND THE FONTS YOU LIKE, BE CONSISTENT, USE THE SAME SET OF FONTS IN ALL WRITTEN COMMUNICATION.



**READ MORE ABOUT THE IMPORTANCE OF THE CHOICE OF YOUR
FONTS: BUILD YOUR BRAND:
[HTTPS://WWW.CANVA.COM/LEARN/CANVA-FOR-WORK-BRAND-
FONTS/](https://www.canva.com/learn/canva-for-work-brand-fonts/)**

3.5.4. PHOTOS

AS A BRAND, YOU WILL COMMUNICATE TO A GREAT EXTENT THROUGH PHOTOS WITH YOUR CUSTOMERS. YOUR VISUAL COMMUNICATION MUST GO HAND IN HAND WITH YOUR BRAND IDENTITY, VALUES AND STORY. IN ALL COMMUNICATION (WEBSITE, SOCIAL MEDIA, PRINTED MATERIALS, ETC.) A BUSINESS SHOULD USE PROFESSIONAL, GOOD-QUALITY PHOTOS OF CLEAN ORIGIN. IT PAYS TO HAVE PHOTOS TAKEN BY A PROFESSIONAL PHOTOGRAPHER FROM TIME TO TIME, E.G. FOR THE PRESENTATION OF A NEW COLLECTION, MARKETING CAMPAIGNS, OR FOR STRENGTHENING THE OVERALL BRAND IMAGE. HOWEVER, THERE ARE SEVERAL PHOTO EDITING APPS (E.G. CANVA, PIXLR, ADOBE EXPRESS, ETC.) THAT YOU CAN WORK WITH WHEN USING SELF-TAKEN PHOTOS. IT IS IMPORTANT THAT YOUR PHOTOS ALSO SHOW A UNIFIED PICTURE AND FOLLOW SIMILAR GUIDELINES.

ALWAYS CONSIDER THE FOLLOWING ASPECTS:

- WHAT IS THE EXACT CONTENT IN THE PHOTOS? ARE YOU SHOWING YOUR PRODUCT OR CONVEYING A LIFESTYLE? OR IS THE FOCUS ON THE CUSTOMER RELATIONS OR THE PROCESS?
- WHAT IS YOUR STORY HOW DOES THE PHOTO FIT INTO YOUR STORY? WHAT STORY DOES THE PHOTO TELL?
- WHAT IS YOUR INTENTION, HOW SHOULD THE CUSTOMERS FEEL WHEN THEY LOOK AT THE PHOTO? WHAT IS THE MOOD OF THE PHOTO?
- WHERE DO YOU WANT TO USE THE PHOTO? WEBSITE, SOCIAL MEDIA, PRINT MEDIA, ETC?
- ARE THERE ANY FIXED ELEMENTS OF YOUR BRAND IDENTITY THAT SHOULD BE INCLUDED? (PHOTO, SLOGAN, ETC.)

TIPS FOR GOOD PHOTO CONTENT:

- ALWAYS USE GOOD QUALITY PHOTOS
- DISPLAY YOUR PRODUCTS LIKE THEY ARE USED IN REAL LIFE
- USE PROPS THAT AMPLIFY THE EFFECT
- BE PERSONAL , SHOW THE PEOPLE BEHIND YOUR BRAND
- SHOW PHOTOS OF YOUR BUSINESS'S BACKGROUND HISTORY, LOCATION, CUSTOMERS
- BE PREPARED FOR PHOTOSHOOTINGS, HAVE A CLEAR VISION OF WHAT YOU WANT TO SEE
- CREATE AN INSPIRATION BOARD BY COLLECTING PHOTOS (PINTEREST, MAGAZINES, GOOGLE, COMPETITORS' PHOTOS, ETC.)
- CAREFULLY PICK DETAILS LIKE THEME, LOCATION, BACKGROUND, WARDROBE, MOOD -WHILE KEEPING IN MIND THE BRAND IMAGE, COLOR PALETTE, LOGO, ETC.
- CREATE A DETAILED SHOT LIST

GOOD EXAMPLES FOR BRAND IMAGE /VISUAL IDENTITY:

[HTTPS://WWW.COLUMNFIVEMEDIA.COM/15-EXAMPLES-OF-BRAND-VISUAL-IDENTITY/](https://www.columnfivemedia.com/15-examples-of-brand-visual-identity/)



QUESTIONNAIRE MODULE 8

1. COMMUNICATION IS

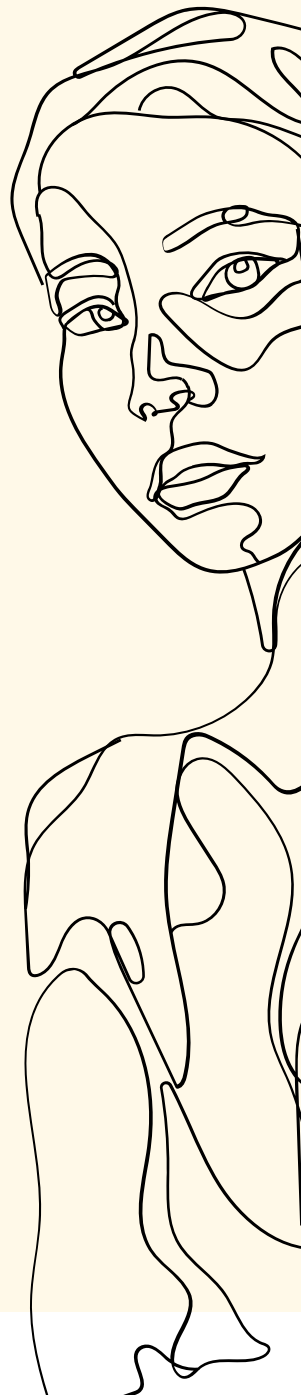
- A. A LINEAR PROCESS
- B. IS A COMPLEX, INTERACTIVE, AND MOSTLY CYCLIC PROCESS
- C. A PROCESS THAT HAS ONLY THREE COMPONENTS: THE SENDER, THE MESSAGE, AND THE RECEIVER

2. COMMUNICATION BARRIERS

- A. ONLY OCCUR WHEN PEOPLE FROM DIFFERENT COUNTRIES INTERACT
- B. CAN OCCUR IN ANY COMMUNICATION PROCESS, DUE TO PHYSICAL, PSYCHOLOGICAL, CULTURAL FACTORS AND LANGUAGE
- C. CAN NOT OCCUR IN WRITTEN COMMUNICATION

3. CUSTOMERS ARE STAKEHOLDERS WITH

- A. HIGH INTEREST IN YOUR BUSINESS BUT LOW POWER
- B. LOW POWER AND HIGH INTEREST IN YOUR BUSINESS
- C. HIGH POWER AND HIGH INTEREST IN YOUR BUSINESS



4. WHAT DESCRIBES ASSERTIVE COMMUNICATION BEST

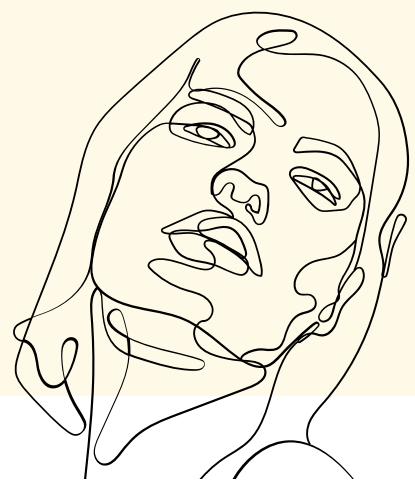
- A. PRIORITIZES OWN NEEDS AND OPINIONS, DIRECT, CONTROLLING
- B. STANDING UP TO OWN NEEDS AND OPINIONS, HONEST, SELF-CONFIDENT, LISTENS, AND DOESN'T INTERRUPT
- C. PRIORITIZES THE NEEDS OF OTHERS, IS EMOTIONALLY DISHONEST, APOLOGETIC, WANTS TO AVOID CONFLICTS

5. STORYTELLING IS IMPORTANT BECAUSE

- A.. YOU CAN PERSUADE YOUR CUSTOMERS TO BUY YOUR PRODUCT
- B. YOUR STORY WILL SHAPE PERCEPTIONS AND ATTITUDES TOWARDS YOU/YOUR BUSINESS AND INFLUENCE PURCHASE INTENTIONS AND BRAND LOYALTY
- C. A GOOD STORY CAN REPLACE ADVERTISEMENTS

6. A LOGO IS

- A. IS A GRAPHIC MARK, EMBLEM, OR SYMBOL AND NEVER INCLUDES ANY TEXT
- B. IS A GRAPHIC MARK, EMBLEM, OR SYMBOL THAT CAN BE ABSTRACT OR FIGURATIVE AND CAN INCLUDE TEXT OR THE NAME OF THE BRAND
- C. IS A GRAPHIC MARK, EMBLEM, OR SYMBOL THAT ALWAYS INCLUDES THE BRAND NAME/SLOGAN



MODULE 9: THE RULES OF THE GAME

PARTNER: FUNDEUN

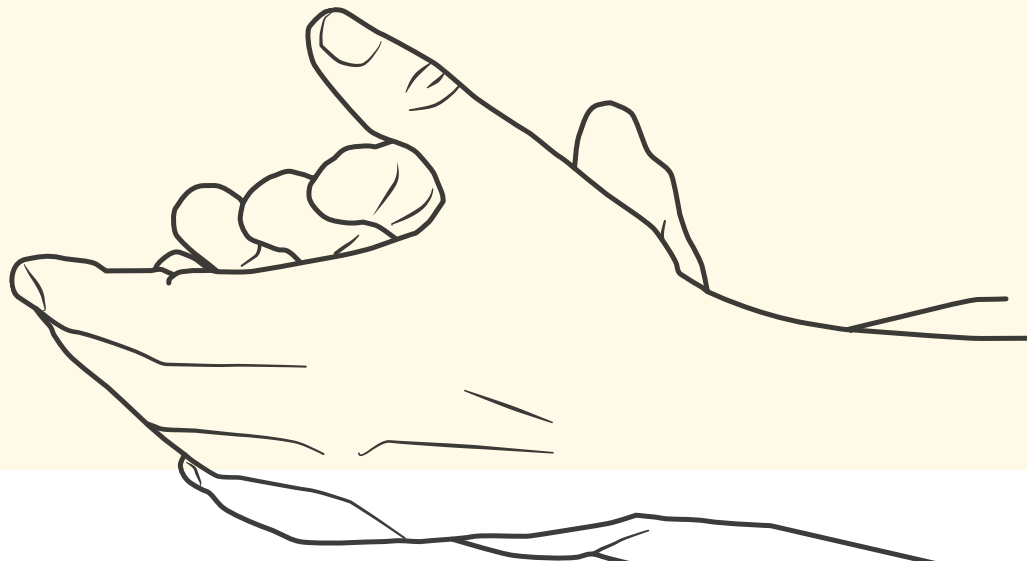
INTRODUCTION

UNDERSTANDING THE “RULES OF THE GAME” CAN MAKE THE DIFFERENCE FROM THE VERY FIRST MOMENT IN THE LAUNCH OF A NEW PROJECT. THIS MODULE IS STRUCTURED AROUND THREE FUNDAMENTAL PILLARS.

FIRSTLY, THE LEGAL ASPECTS ARE DISCUSSED. IT PRESENTS THE MAIN GUIDELINES ON START-UPS IN THE EUROPEAN UNION, IT EXPLAINS THE CHARACTERISTICS OF THE SELF-EMPLOYED AND SOCIAL ECONOMY ENTERPRISES, AND IT ANALYSES THE FORMS OF PROTECTION OF INNOVATION AND CREATIVITY.

SECONDLY, IT DEALS WITH THE PERSONAL ASPECT AND THOSE ELEMENTS SPECIFIC TO CREATIVE ENTERPRISES.

FINALLY, THE MARKET, THAT IS THE PROCEDURE FOR THE DEVELOPMENT OF IDEAS. THE LEAN STARTUP METHODOLOGY IS DISCUSSED IN DEPTH.



UNIT 1 - LEGAL RULES AND POLICIE

CULTURAL AND CREATIVE INDUSTRIES (CCIS) OPERATE IN A COMPLEX BUSINESS ENVIRONMENT, WHERE THEY ARE DEFINED BY THE STANDARD REGULATIONS CONCERNING BUSINESSES AS WELL AS INTELLECTUAL PROPERTY RIGHTS, TAXATION AND MANY OTHER ISSUES.

1.1.- EU REGULATION FOR START-UPS

TO START A NEW COMPANY OR EXPAND A BUSINESS IN ANOTHER EU COUNTRY YOU NEED, FIRST, TO KNOW ABOUT THE RULES THAT APPLY IN YOUR COUNTRY TO SET UP A COMPANY. TO DO SO, YOU CAN USE THE LINK [NATIONAL CONTACT POINT](#).

FURTHERMORE, AS AN EU CITIZEN YOU ARE ENTITLED TO:

- SET UP YOUR OWN BUSINESS (EVEN AS A SOLE TRADER) IN ANY EU COUNTRY, ICELAND, NORWAY, OR LIECHTENSTEIN
- SET UP A SUBSIDIARY BRANCH OF AN EXISTING EU-BASED BUSINESS THAT IS ALREADY REGISTERED IN ONE EU COUNTRY

THE **REQUIREMENTS** VARY DEPENDING ON THE COUNTRY. HOWEVER, THE EU ENCOURAGES ALL COUNTRIES TO MEET CERTAIN TARGETS FOR HELPING TO SET UP NEW COMPANIES, INCLUDING:



- SETTING UP IN NO MORE THAN 3 WORKING DAYS
- COSTING LESS THAN EUR 100
- COMPLETING ALL PROCEDURES THROUGH A SINGLE ADMINISTRATIVE BODY
- COMPLETING ALL REGISTRATION FORMALITIES ONLINE
- REGISTERING A COMPANY IN ANOTHER EU COUNTRY ONLINE (THROUGH THE NATIONAL CONTACT POINTS)

NATIONAL WEBSITES WHERE YOU CAN FIND INFORMATION ABOUT HOW TO START UP A COMPANY:

SPAIN:

[HTTP://WWW.IPYME.ORG/ES-ES/CREAEMPRESA/PAGINAS/CREA-TU-EMPRESA.ASPX.](http://www.ipyme.org/es-es/creaempresa/paginas/crea-tu-empresa.aspx)

FURTHER INFORMATION IS ALSO AVAILABLE IN THE LOCAL DEVELOPMENT AGENCIES IN EACH TOWN OR MUNICIPALITY

SWEDEN:

GOVERNMENT SERVICES FOR BUSINESSES,
[HTTPS://WWW.VERKSAMT.SE/WEB/INTERNATIONAL/STARTING](https://www.verksamt.se/web/international/starting)

SKATTEVERKET SWEDISH TAX AGENCY,
[HTTPS://WWW.SKATTEVERKET.SE/PRIVAT/SKATTER/ARBETEOCHINKOMST/INKOMSTER/EGENANSTALLNING.4.4A47257E143E26725AE2B73.HTML](https://www.skatteverket.se/privat/skatter/arbeteochinkomst/inkomster/egenanstallning.4.4A47257E143E26725AE2B73.html)

MIGRATIONSVERKET SWEDISH MIGRATION AGENCY,
[HTTPS://WWW.MIGRATIONSVERKET.SE/PRIVATPERSONER/ARBETA-I-SVERIGE/EGET-FORETAG.HTML](https://www.migrationsverket.se/privatpersoner/arbeta-i-sverige/ eget-foretag.html)

BOLAGSVERKET, SWEDISH COMPANIES REGISTRATION OFFICE:
[HTTPS://WWW.BOLAGSVERKET.SE/EN/1.HTML](https://www.bolagsverket.se/en/1.html)

OTHER INTERESTING AND HELPFUL LINKS: [HTTPS://SWEDEN.SE/WORK-BUSINESS/BUSINESS-IN-SWEDEN/STARTING-A-BUSINESS-IN-SWEDEN](https://sweden.se/work-business/business-in-sweden/starting-a-business-in-sweden)

TO LOOK FOR EU FUNDS AVAILABLE FOR STARTUP BUSINESSES AND DECIDE WHICH ONES CAN MEET YOUR NEEDS IT IS RECOMMENDABLE TO VISIT STARTUP EUROPE CLUB. TO EXPAND AND DEVELOP YOUR BUSINESS YOU CAN USE THE STARTUP EUROPE PARTNERSHIP. TO INCREASE THE VISIBILITY OF YOUR BUSINESS PROJECT, YOU CAN REGISTER YOUR PROJECT ON THE EUROPEAN INVESTMENT PROJECT PORTAL. THE PORTAL ALSO ENABLES YOU TO GET IN CONTACT WITH POTENTIAL INTERNATIONAL INVESTORS.

IN PARTICULAR FOR THE CULTURAL AND CREATIVE INDUSTRIES (CCI'S) THE **CREATIVE EUROPE PROGRAMME¹** 2021-2027 HAS A BUDGET OF € 2.44 BILLION, COMPARED TO €1.47 BILLION OF THE PREVIOUS PROGRAMME (2014-2020). CREATIVE EUROPE INVESTS IN ACTIONS THAT REINFORCE CULTURAL DIVERSITY AND RESPOND TO THE NEEDS AND CHALLENGES OF THE CULTURAL AND CREATIVE SECTORS.

THE MAIN OBJECTIVES OF THE PROGRAMME ARE TO:

- SAFEGUARD, DEVELOP AND PROMOTE EUROPEAN CULTURAL AND LINGUISTIC DIVERSITY AND HERITAGE

¹ [HTTPS://CULTURE.EC.EUROPA.EU/CREATIVE-EUROPE/ABOUT-THE-CREATIVE-EUROPE-PROGRAMME](https://culture.ec.europa.eu/creative-europe/about-the-creative-europe-programme)

- INCREASE THE COMPETITIVENESS AND ECONOMIC POTENTIAL OF THE CULTURAL AND CREATIVE SECTORS, IN PARTICULAR THE AUDIOVISUAL SECTOR

THE NOVELTIES OF THE PROGRAMME WILL CONTRIBUTE TO THE RECOVERY OF THESE SECTORS, REINFORCING THEIR EFFORTS TO BECOME MORE INCLUSIVE, MORE DIGITAL AND ENVIRONMENTALLY MORE SUSTAINABLE.

THE CREATIVE EUROPE PROGRAMME IS DIVIDED IN 3 STRANDS: CULTURE, MEDIA AND CROSS-SECTORAL STRANDS.

1.2.- INNOVATION AND CREATIVITY PROTECTION REGULATION.

THE PROTECTION, THE INTELLECTUAL PROPERTY DEFINES AND PROTECTS HUMAN INNOVATIONS AND CREATIONS. THE CULTURAL AND CREATIVE INDUSTRIES MAINLY FOCUS ON: TRADEMARKS, DESIGNS, PATENTS, COPYRIGHTS AND CONFIDENTIALITY CONTRACTS. (FOR DEEPER INFORMATION, **SEE MODULE 7**). IN THIS SECTION WE JUST PROVIDE A FEW TIPS FROM THE LEGAL POINT OF VIEW WHEN PROTECTING CREATIVITY AND INNOVATION.

TRADEMARKS

A TRADE MARK CREATES AN IDENTITY THAT YOUR CUSTOMERS CAN RECOGNISE, AND IT CAN PLAY A KEY ROLE IN BUILDING YOUR BRAND. WITH ADEQUATE PROTECTION IT MAY BECOME YOUR MOST VALUABLE ASSET.



THE REGISTRATION OF A TRADEMARK GRANTS THE COMPANY THE EXCLUSIVE RIGHT TO PREVENT THIRD PARTIES FROM MARKETING IDENTICAL OR SIMILAR PRODUCTS UNDER THE SAME TRADEMARK OR USING A TRADEMARK THAT MAY BE CONFUSED OR ASSOCIATED WITH IT.

AN EU TRADE MARK CAN CONSIST OF ANY SIGNS, IN PARTICULAR WORDS (INCLUDING PERSONAL NAMES), OR DESIGNS, LETTERS, NUMERALS, COLOURS, THE SHAPE OF GOODS, OR OF THE PACKAGING OF GOODS OR SOUNDS.

ON 1 OCTOBER 2017, AS A RESULT OF THE AMENDING REGULATION (EU) 2015/2424,² WHAT WAS TERMED THE “GRAPHICAL REPRESENTATION REQUIREMENT” WAS REMOVED.

IN PRACTICE, THIS MEANS THAT AS LONG AS YOUR TRADEMARK FALLS INTO ONE OF THE CATEGORIES OF TRADEMARKS ACCEPTED BY THE OFFICE (EUIPO), AND CAN BE REPRESENTED BY THE ACCEPTED FORMATS, YOU CAN SUBMIT IT AS AN APPLICATION WITHOUT HAVING TO REPRESENT IT GRAPHICALLY.

THE STRATEGY YOU ADOPT FOR YOUR TRADE MARK WILL BE UNIQUE TO YOU. IT WILL REFLECT YOUR COMPANY'S WIDER INTERESTS AND ITS INTELLECTUAL PROPERTY PORTFOLIO. IN PURSUING THESE INTERESTS, YOU SHOULD CONSIDER HOW TO USE, DEFEND AND DEVELOP YOUR TRADEMARK.

² NEW EU TRADE MARK REGULATION: [HTTPS://EUIPO.EUROPA.EU/OHIMPORTAL/EN/EU-TRADE-MARK-REGULATION](https://euipo.europa.eu/ohimportal/en/eu-trade-mark-regulation)

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² NEW EU TRADE MARK REGULATION: [HTTPS://EUIPO.EUROPA.EU/OHIMPORTAL/EN/EU-TRADE-MARK-REGULATION](https://euipo.europa.eu/ohimportal/en/eu-trade-mark-regulation)

DESIGNS

A DESIGN³ IS THE APPEARANCE OF A PRODUCT: 'THE APPEARANCE OF THE WHOLE OR A PART OF A PRODUCT RESULTING FROM THE FEATURES OF, IN PARTICULAR, THE LINES, CONTOURS, COLOURS, SHAPE, TEXTURE AND/OR MATERIALS OF THE PRODUCT ITSELF AND/OR ITS ORNAMENTATION'. A REGISTERED COMMUNITY DESIGN IS VALID IN ALL COUNTRIES OF THE EUROPEAN UNION.

IN ORDER TO BENEFIT FROM SUCH PROTECTION, THE DESIGN MUST BE NOVEL AND PRODUCE A DIFFERENT OVERALL IMPRESSION FROM WHAT HAS BEEN PREVIOUSLY DISCLOSED.

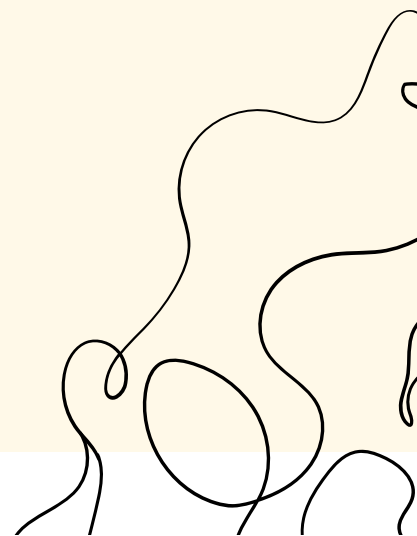
IN THE CASE OF INDUSTRIAL DESIGN, IT GRANTS AN EXCLUSIVE RIGHT OVER THE APPEARANCE OF ALL OR PART OF A PRODUCT. THUS, YOU CAN PREVENT THIRD PARTIES, WITHOUT YOUR CONSENT, FROM MANUFACTURING, SELLING OR IMPORTING ARTICLES INCORPORATING YOUR DESIGN.

PATENT

A PATENT IS A LEGAL TITLE THAT GIVES INVENTORS THE RIGHT, FOR A LIMITED PERIOD (USUALLY 20 YEARS), TO PREVENT OTHERS FROM MAKING, USING OR SELLING THEIR INVENTION WITHOUT THEIR PERMISSION IN THE COUNTRIES FOR WHICH THE PATENT HAS BEEN GRANTED.

FOR MORE INFORMATION: [HTTPS://WWW.EPO.ORG/](https://www.epo.org/)

³ [HTTPS://YOUTU.BE/FABROQIGQIM](https://youtu.be/fabroqigqim)



COPYRIGHT

AUTHORS' RIGHTS, ALSO KNOWN AS COPYRIGHT,⁴ COME INTO EXISTENCE WITH THE CREATION OF THE WORK (E.G. WHEN YOU WRITE A TEXT, DEVELOP A SOURCE CODE OR TAKE A PHOTOGRAPH). THEREFORE, IT IS NOT NECESSARY TO REGISTER THEM IN ORDER FOR THEM TO EXIST AND BE AN ASSET IN THEMSELVES.

HOWEVER, EVEN IF IT IS NOT NECESSARY, REGISTRATION IS VERY USEFUL TO PROVE THAT YOU ARE THE CREATOR OF THAT WORK AND/OR ITS OWNER, AND SINCE WHEN. REGISTRATION WILL BE OF GREAT HELP FOR THE EXPLOITATION OF THE WORK IN THE MARKET AND THE RESOLUTION OF CONFLICTS WITH THIRD PARTIES.

MANY OF THE WORKS OR CREATIVE WORKS OF ENTREPRENEURS, ARTISTS AND CREATORS CAN FIND COPYRIGHT PROTECTION. EVEN SOFTWARE ITSELF (CODE FOR COMPUTER PROGRAMMES OR APPS) IS PROTECTED BY COPYRIGHT.

CONFIDENTIALITY CONTRACT

SOMETIMES THE BEST WAY TO PROTECT INNOVATION IS TO KEEP IT SECRET. SECRET INFORMATION, AS LONG AS IT REPRESENTS A COMPETITIVE ADVANTAGE AND MEASURES HAVE BEEN TAKEN TO KEEP IT CONFIDENTIAL, CAN BE CONSIDERED A TRADE SECRET.

⁴ [HTTPS://EUIPO.EUROPA.EU/OHIMPORTAL/EN/WEB/OBSERVATORY/FAQS-ON-COPYRIGHT](https://euipo.europa.eu/ohimportal/en/web/observatory/faqs-on-copyright)



THE MAIN ADVANTAGE OF TRADE SECRET PROTECTION IS THAT THE INFORMATION IS NOT SHARED AND THEREFORE THE COMPETITIVE ADVANTAGE IT CONFERS CAN BE MAINTAINED OVER TIME WITHOUT LIMIT, AS LONG AS CONFIDENTIALITY IS MAINTAINED. THIS IS WHY IT IS IMPORTANT TO DEVELOP PROTOCOLS AND CONTRACTS AIMED AT KEEPING THE INFORMATION TO BE PROTECTED SECRET.

1.3.- PROFIT-BASED OR NON-PROFIT ENTERPRISES

A NON-PROFIT ENTERPRISE (ORGANIZATION OR INSTITUTION) IS A LEGAL ENTITY ORGANIZED AND MANAGED FOR A COLLECTIVE, PUBLIC, OR SOCIAL BENEFIT. IT IS THE OPPOSITE TO A PROFIT-BASED ONE WHICH OPERATES AS A BUSINESS AIMING TO GENERATE A PROFIT FOR ITS OWNERS.

IN A NON-PROFIT ENTERPRISE, WHEN REVENUES EXCEED EXPENSES, THEY ARE USED FOR THE ORGANIZATION'S MISSION, NOT TAKEN BY PRIVATE PARTIES. NON-PROFIT ORGANIZATIONS APPEAR FOR INSTANCE IN POLITICS, EDUCATION, BUSINESS WORLD, RELIGIOUS MOVEMENTS, ENTERTAINMENT, AND CONSUMER COOPERATIVES. NON-PROFIT ENTERPRISES ARE MANY TIMES TAX-EXEMPT AND/OR RECEIVE TAX-DEDUCTIBLE CONTRIBUTIONS.

NON-PROFIT ORGANISATIONS ARE NOT DRIVEN BY GENERATING PROFIT, BUT THEY MUST BRING IN ENOUGH INCOME TO PURSUE THEIR SOCIAL GOALS. THE MAIN OPERATIONAL DIFFERENCE FROM PROFIT-BASED INSTITUTIONS IS THAT NON- PROFIT ONES CAN RAISE MONEY IN DIFFERENT WAYS. THEY CAN GET INCOME THROUGH DONATIONS FROM INDIVIDUALS, COMPANIES OR EVEN SOME OTHER NON-PROFIT INSTITUTIONS, FROM GOVERNMENTS OR INVESTORS, ETC.

MOST NON-PROFIT INSTITUTIONS HAVE STAFF THAT WORK FOR THEM, POSSIBLY USING VOLUNTEERS TO OFFER THEIR SERVICES UNDER THE DIRECTION OF THE PAID STAFF. TO BALANCE THE LABOUR COST AND THE CAPACITY TO OFFER A SOCIAL SERVICE WITHIN A SOCIAL PRICE IS ONE OF THE MAIN CHALLENGES IN THE MANAGEMENT OF A NON-PROFIT INSTITUTION.

NON-PROFIT INSTITUTIONS DON'T AIM SPECIFICALLY TO MAXIMIZE PROFITS, BUT THEY MUST OPERATE AS A FISCALLY RESPONSIBLE AND VIABLE BUSINESS. THEY MUST MANAGE THEIR INCOME (WHATEVER THEY ARE) AND EXPENSES PROFESSIONALLY, WITH RESPONSIBILITY, AND REPLACING SELF-INTEREST WITH SOME SOCIAL INTEREST.

1.4.- THE SELF-EMPLOYED/INDIVIDUAL OR INCORPORATED ENTERPRISE: THE FREELANCE

FREELANCE IS A PERSON WHO IS SELF-EMPLOYED AND NOT NECESSARILY COMMITTED TO A PARTICULAR EMPLOYER LONG-TERM. THE TERM "FREELANCING" IS VERY COMMON IN CULTURE AND CREATIVE INDUSTRIES, AND MANY TIMES THE USE OF THIS TERM MAY INDICATE THAT THE PROFESSIONAL ACTIVITY IS THE ONE OF AN ARTIST, A GRAPHIC DESIGNER, ETC.

FREELANCE WORKERS ARE SOMETIMES REPRESENTED BY AN INCORPORATED COMPANY (A CORPORATION) THAT RESELLS FREELANCE LABOUR TO CLIENTS; OTHERS WORK INDEPENDENTLY AND ARE MUCH MORE INVOLVED IN THE MANAGEMENT OF THEIR ACTIVITY AND PROFESSIONAL OFFER (DEALING WITH CUSTOMERS, LAUNCHING A PERSONAL BRAND, DEVELOPING MARKET STRATEGIES, ETC.)

WHEN WORKING FOR A CORPORATION, MOST OF THE TIME, THE FREELANCER EARNS MONEY ON A PER-JOB OR PER-TASK BASIS, IN A SHORT-TERM WORK RELATIONSHIP. A FREELANCER IS NOT AN EMPLOYEE OF A FIRM AND MAY BE FREE TO COMPLETE DIFFERENT JOBS FOR DIFFERENT INDIVIDUALS OR FIRMS UNLESS EXCLUSIVITY IS CONTRACTUALLY COMMITTED.

CONSEQUENTLY, THERE ARE SOME COMMON POINTS FOR EVERY FREELANCE AS THEY ARE:

- INDEPENDENCE IN THE LONG TERM
- WORK DEVELOPED PER-TASK OR PER-JOB BASIS

BUT THE PROFILE OF THE FREELANCE MUST BE COMPLETED WITH ONE OF THE FOLLOWING OPTIONS:

- PERSONAL BRAND OR CORPORATION BRAND: DEPENDING ON WHETHER THE MARKET SEES THAT THE JOB IS DONE BY THE FREELANCE OR BY A COMPANY
- MANAGERIAL TASKS OR JUST TECHNICAL ONES: SHOWING THIS WHETHER THE FREELANCER DOES THE MARKETING, THE NETWORKING, ETC OR ONLY THE TECHNICAL ASPECTS THAT A COMPANY (WHICH MAKES ALL OF THIS) REQUIRES.
- FREEDOM OR EXCLUSIVITY: MEANING THIS WHETHER THE FREELANCER IS GOING TO WORK FOR ONLY ONE COMPANY OR FOR DIFFERENT ONES AT THE SAME TIME.

THERE CAN BE, ALSO, ASSOCIATIONS, NON-PROFIT INSTITUTIONS WHICH HELP FREELANCERS TO DEVELOP THEIR WORK. IN THIS CASE, THE BRAND THAT APPEARS IN THE MARKET IS THE ONE OF THE ARTIST AND THE ARTIST IS FREE TO WORK FOR SOME OTHER INSTITUTIONS OR PEOPLE.

	Self-employed	"Organisation"
Responsibility	Unlimited liability (with all her assets)	Limited to contribution
Minimum capital	None	Minimum capital requirement according to type of legal form
Taxes	Personal Income Tax	Corporate Income Tax
Initial set-up costs	None Licenses	According to type of organization: Nomination expenses Deed of incorporation Company registration
Advantages	Lower procesing costs Higher flexibility Agile	
Disadvantages	Raising finance	

1.5.- THE SOCIAL ECONOMY ORGANISATIONS: COOPERATIVES.

COOPERATIVES OR COOPERATIVE SOCIETIES ARE LEGALLY DEFINED AS SOCIETIES FORMED BY PERSONS WHO ASSOCIATE, ON A FREE MEMBERSHIP AND VOLUNTARY DEREGISTRATION BASIS, FOR THE PURPOSE OF CARRYING OUT ENTREPRENEURIAL ACTIVITIES, AIMED AT MEETING THEIR ECONOMIC AND SOCIAL NEEDS AND ASPIRATIONS, WITH A DEMOCRATIC STRUCTURE AND FUNCTIONING, IN ACCORDANCE WITH THE PRINCIPLES FORMULATED BY THE INTERNATIONAL CO-OPERATIVE ALLIANCE. A COOPERATIVE IS AN AUTONOMOUS ASSOCIATION OF PEOPLE WHO HAVE COME TOGETHER TO ADDRESS THEIR COMMON ECONOMIC, SOCIAL AND CULTURAL NEEDS AND ASPIRATIONS THROUGH A JOINTLY OWNED AND DEMOCRATICALLY

CONTROLLED ENTERPRISE. THE DIVERSITY OF NEEDS AND ASPIRATIONS (WORK, CONSUMPTION, CREDIT, ETC.) OF THE MEMBERS, WHICH MAKE UP THE SOCIAL OBJECT OR CO-OPERATIVISED ACTIVITY OF THESE ENTERPRISES, DEFINES A VERY VARIED TYPOLOGY OF CO-OPERATIVES. THE PRINCIPLES THAT INSPIRE COOPERATIVE SOCIETIES ARE THOSE OF SOLIDARITY, DEMOCRACY, EQUALITY AND SOCIAL VOCATION.

COOPERATIVES HAVE SEVERAL DEFINING CHARACTERISTICS:

- AN OPEN AND VOLUNTARY ASSOCIATION
- A DEMOCRATIC STRUCTURE WITH EACH MEMBER HAVING ONE VOTE
- AN EQUITABLE AND FAIR DISTRIBUTION OF ECONOMIC RESULTS ACCORDING TO THE VOLUME OF OPERATIONS MADE THROUGH THE COOPERATIVE
-

COOPERATIVES ARE ENTERPRISES THAT SERVE THE NEEDS OF THEIR MEMBERS WHO CONTRIBUTE TO THEIR CAPITAL.

[HTTPS://EUR-LEX.EUROPA.EU/LEGAL-CONTENT/EN/ALL/?
URI=CELEX%3A32003L0072](https://eur-lex.europa.eu/legal-content/en/all/?uri=CELEX%3A32003L0072)

[HTTPS://EC.EUROPA.EU/GROWTH/SECTORS/PROXIMITY-AND-SOCIAL-
ECONOMY/SOCIAL-ECONOMY-EU/COOPERATIVES_EN](https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/cooperatives_en)



TABLE 1: COOPERATIVES VS CAPITAL COMPANIES

	CAPITAL COMPANIES	SOCIAL WORKER COOPERATIVES
SHAREHOLDING POWER	Depending on the amount of capital invested	One person, one vote
DISTRIBUTION OF RESULTS	According to the capital invested	According to the work performed
PURPOSE OF THE BUSINESS ACTIVITY	Maximum profit or profitability	The result subordinated to social welfare

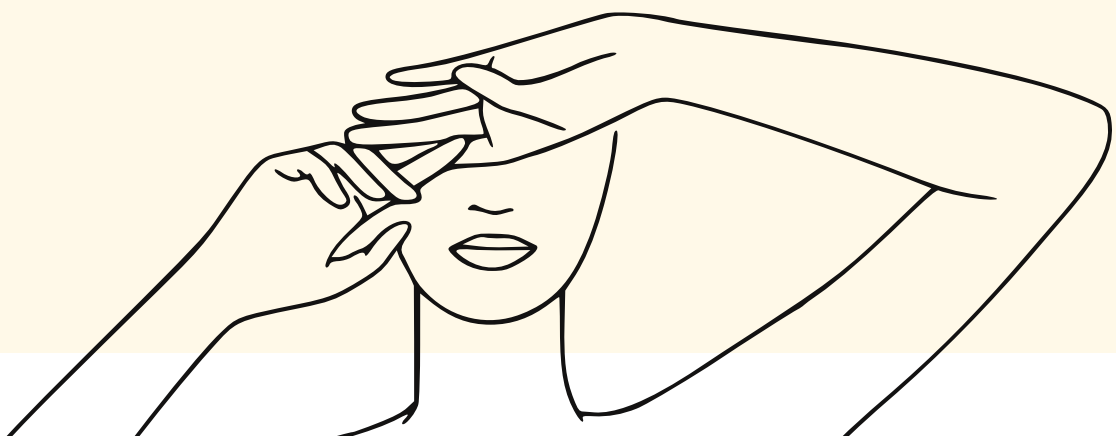
INFORMATION AT REGIONAL LEVEL OF VALENCIA REGION (SPAIN):
[HTTPS://EMPRENDER.FEVECTA.COOP/](https://emprender.fevecta.coop/) (AVAILABLE IN ENGLISH)

UNIT 2 – PERSONAL RULES

ESTABLISHING YOUR IDENTITY, CHARACTER, ATTITUDE, TEMPERAMENT, VALUES AND BELIEFS THAT DEFINE YOU IS FUNDAMENTAL TO THE SUCCESS OF YOUR PROJECT.

2.1.- MAIN RULES OF THE MARKET

THE INTERNAL MARKET OF THE EUROPEAN UNION (EU) IS A SINGLE MARKET WITH FREE MOVEMENT OF GOODS, SERVICES, CAPITAL, AND PERSONS, AND IN WHICH CITIZENS ARE FREE TO LIVE, WORK, STUDY AND DO BUSINESS. THIS FREEDOM IS THE MAIN CHARACTERISTIC OF THE EU MARKET.



THE RESULT OF THIS IS THAT, SINCE ITS CREATION IN 1993 THE SINGLE MARKET HAS BECOME COMPETITIVE, PRODUCTIVE, AND UNLIMITED. THE AIM OF THIS HAS ALWAYS BEEN TO BOOST EMPLOYMENT AND CONFIDENCE IN EUROPEAN BUSINESSES. THE EU MARKET IS DEMANDING BECAUSE THIS FREEDOM HAS DEVELOPED MUCH MORE COMPETITIVE BUSINESSES BUT ALSO A WEALTHIER ECONOMY AND SOCIETY.

TO WORK ON THE MARKET, THERE IS A WELL-KNOWN SCIENCE CALLED MARKETING. PROBABLY, THE CONCEPT MARKETING-MIX IS STILL USEFUL AND THE BEST WAY TO KNOW ABOUT THE 4 MAIN ELEMENTS OF MARKETING (ALL OF THEM BEGINNING WITH “P”): PRODUCT, PLACE, PROMOTION, AND PRICE. THESE 4 WORDS POINT TO THE MAIN VARIABLES COMPANIES HAVE TRADITIONALLY WORKED ON TO INCREASE SALES OR PROFITS.

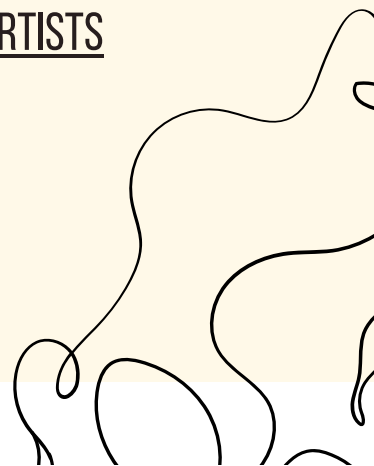
AS A SUMMARY, WE COULD SAY THAT:

- **PRODUCT** IS AN ITEM OR SERVICE DESIGNED TO SATISFY CUSTOMER NEEDS AND WANTS. TO EFFECTIVELY MARKET A PRODUCT OR SERVICE, IT'S IMPORTANT TO IDENTIFY WHAT DIFFERENTIATES IT FROM COMPETING PRODUCTS OR SERVICES. IT'S ALSO IMPORTANT TO DETERMINE IF OTHER PRODUCTS OR SERVICES CAN BE MARKETED IN CONJUNCTION WITH IT.
- **PRICE** IS WHAT REFLECTS WHAT CONSUMERS ARE WILLING TO PAY FOR IT. MARKETING PROFESSIONALS NEED TO CONSIDER COSTS RELATED TO RESEARCH AND DEVELOPMENT, MANUFACTURING, MARKETING, AND DISTRIBUTION—OTHERWISE KNOWN AS COST-BASED PRICING. PRICING BASED PRIMARILY ON CONSUMERS' PERCEIVED QUALITY OR VALUE IS KNOWN AS VALUE-BASED PRICING.

- **PLACEMENT** MEANS THE AREAS OF DISTRIBUTION AND IN THIS IT IS IMPORTANT TO KNOW THE TYPE OF PRODUCT OR SERVICE TO BE SOLD. BASIC CONSUMER PRODUCTS, SUCH AS PAPER GOODS, OFTEN ARE READILY AVAILABLE IN MANY STORES. PREMIUM CONSUMER PRODUCTS, HOWEVER, TYPICALLY ARE AVAILABLE ONLY IN SELECT STORES. ANOTHER CONSIDERATION IS WHETHER TO PLACE A PRODUCT IN A PHYSICAL STORE, ONLINE, OR BOTH.
- **PROMOTION** REFERS TO A SET OF COORDINATED ACTIVITIES LIKE ADVERTISING, SALES PROMOTION, PERSONAL SELLING, AND PUBLIC RELATIONS. A KEY CONSIDERATION SHOULD BE FOR THE BUDGET ASSIGNED TO THE MARKETING MIX. MARKETING PROFESSIONALS CAREFULLY CONSTRUCT A MESSAGE THAT OFTEN INCORPORATES DETAILS FROM THE OTHER THREE PS WHEN TRYING TO REACH THEIR TARGET AUDIENCE. DETERMINATION OF THE BEST MEDIUMS TO COMMUNICATE THE MESSAGE AND DECISIONS ABOUT THE FREQUENCY OF THE COMMUNICATION ALSO ARE IMPORTANT.

TO GET A DEEPER KNOWLEDGE ABOUT HOW TO BEHAVE ON THE MARKET, THERE ARE MANY WEBSITES SPECIFICALLY FOR ARTISTS, AS THEY ARE:

- [MARKETING FOR ARTISTS – HOW TO EFFECTIVELY MARKET YOUR WORK - ARTFUL EFFORTS](#)
- [ART MARKETING 101: HOW TO PROMOTE YOUR ART \(FORMAT.COM\)](#)
- [MARKETING FOR ARTISTS - ART BUSINESS INFO. FOR ARTISTS](#)
- [HOW TO MARKET YOURSELF AS AN ARTIST - ARTSY](#)



AS IT IS CLEARLY SHOWN IN THESE REFERRED WEBSITES, SOMETHING VERY IMPORTANT TO SUCCEED IN THE MARKET IS TO PAY ATTENTION TO WHAT THE ARTISTS LIKE, BECAUSE THIS WILL COMMUNICATE ENTHUSIASM. HOWEVER, EMPATHY WITH THE MARKET AND BEING ABLE TO KNOW WHAT THE MARKET LIKES IS ALSO VERY IMPORTANT FOR A FREELANCE ARTIST AS IT HAS PROVED MANY TIMES IN THE FASHION INDUSTRY.

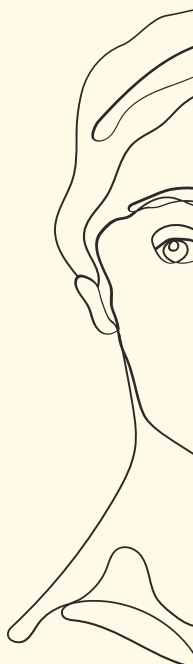
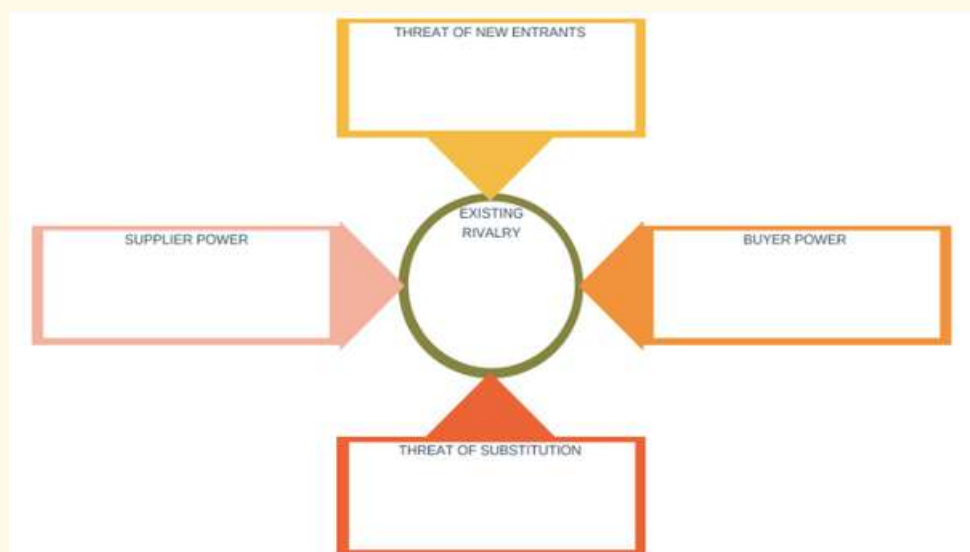
CASE STUDY - INDUSTRY ANALYSIS

TOOL: **INDUSTRY ANALYSIS**.⁵

THIS TOOL IS VERY USEFUL FOR DETERMINING THE PROFITABILITY OF A SPECIFIC SECTOR, BECAUSE IT PROVIDES US WITH A FRAMEWORK FOR STRATEGIC REFLECTION, WITH THE AIM OF ASSESSING THE VALUE AND FUTURE PROJECTION OF COMPANIES IN A SECTOR. IT WILL HELP US TO IDENTIFY THE "PLAYERS" IN THE MARKET.

LINK TO DOWNLOADABLE TEMPLATE:

[HTTPS://EXPERTPROGRAMMANAGEMENT.COM/WP-CONTENT/UPLOADS/TEMPLATES/PORTERSFIVEFORCESTEMPLATE.PDF](https://expertprogrammanagement.com/wp-content/uploads/templates/portersfiveforcestemplate.pdf)



VIDEO: INDUSTRY ANALYSIS

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=EHSQR60MBHA](https://www.youtube.com/watch?v=EHSQR60MBHA)

LINK FOR DEEPER INFORMATION:

[HTTPS://WWW.MINDTOOLS.COM/PAGES/ARTICLE/NEWTMC_08.HTM](https://www.mindtools.com/pages/article/newtmc_08.htm)

**THIS MIND MAP CAN ALSO HELP YOU TO STRUCTURE THE INFORMATION
WHEN ANALYSING YOUR BUSINESS INDUSTRY:**

[HTTPS://CREATELY.COM/DIAGRAM/EXAMPLE/JGEWG9LE1/COMPETIT
OR-AND-MARKET-ANALYSIS-MIND-MAP](https://create.ly.com/diagram/example/jgewg9le1/competitor-and-market-analysis-mind-map)

BUYER POWER: CLIENTS

- WHO ARE OUR CUSTOMERS AND WHAT IS THEIR CAPACITY OR BUYING POWER?

SUPPLIER POWER: SUPPLIERS

- WHAT ARE THE MAIN SUPPLIERS IN THE VALUE CHAIN?
- TO WHAT EXTENT ARE WE DEPENDENT ON THEM?-
- ARE NEW SUPPLIERS EMERGING?
- WHICH ARE THE MOST PROFITABLE?

EXISTING RIVALRY: COMPETITORS

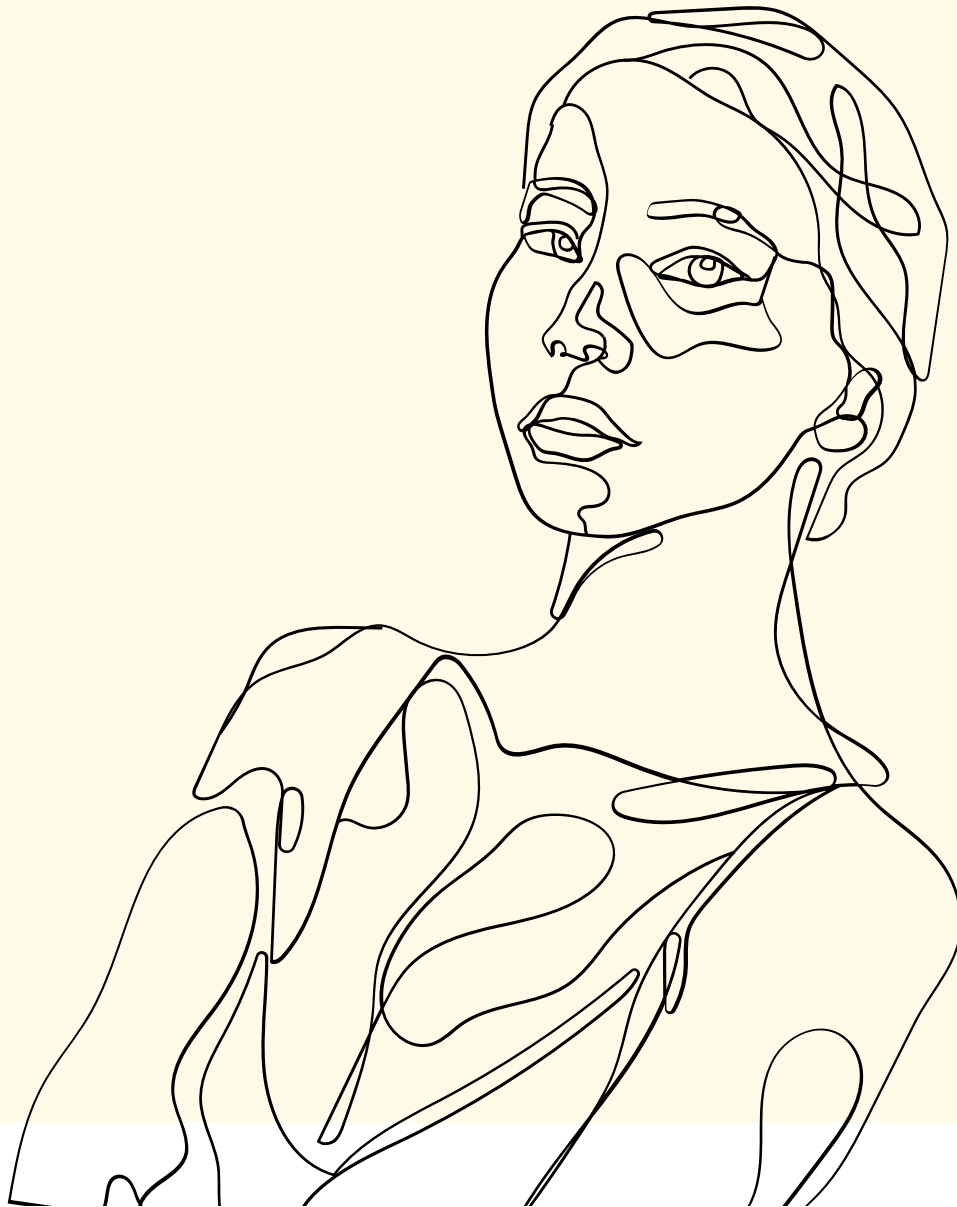
- WHO ARE OUR COMPETITORS?
- WHAT ARE THEIR COMPETITIVE ADVANTAGES AND DISADVANTAGES?
- WHAT IS THEIR MAIN VALUE PROPOSITION?
- HOW DO THEY POSITION THEMSELVES?

THREAT OF NEW ENTRANTS: NEW POTENTIAL COMPETITORS

- WHO ARE THE NEW ENTRANTS?
- HOW ARE THEY DIFFERENT?
- WHAT ARE THEIR VALUE PROPOSITIONS?
- WHAT MARKET SEGMENTS DO THEY FOCUS ON?
- IS THERE ANY TYPE OF BARRIER TO ENTER IN THE INDUSTRY?

THREAT OF SUBSTITUTION: OTHER PRODUCTS/SERVICES THAT FULFIL SAME NEED.

- WHAT PRODUCTS OR SERVICES CAN REPLACE OURS?
- HOW MUCH DO THEY COST COMPARED TO OURS?
- WHAT VALUE PROPOSITION DO THEY OFFER?



CASE STUDY - COMPETITOR ANALYSIS

TOOL: BENCHMARKING

THIS IS A COMPARATIVE ANALYSIS OF YOUR COMPETITORS THROUGH PARAMETERS OF THEIR BUSINESS, SUCH AS SALES CHANNELS, SERVICES PERFORMED AND PROVIDED, EXPERIENCE OF YOUR BUSINESS, CUSTOMER EXPERIENCE, COMMUNICATION CHANNELS, ETC. IT SERVES TO CARRY OUT AN EVALUATION OF GOOD PRACTICES, WHERE YOU CAN UNDERSTAND WHAT THEY DO WELL OR BETTER THAN YOU. IN ADDITION, COMPARE YOURSELF WITH THEIR WAYS OF DOING THINGS AND COMPARE THEM WITH EACH OTHER.

USE THE FOLLOWING FORMAT AS AN EXAMPLE. ADAPT THE INFORMATION INCLUDED TO YOUR PROJECT.

WHY CONDUCT THIS ANALYSIS?		Write down the question you are trying to answer or the goal of this analysis.			
		YOUR COMPANY	COMPETITOR 1	COMPETITOR 2	COMPETITOR 3
PROFILE	OVERVIEW				
	COMPETITIVE ADVANTAGE <small>What value do you offer customers?</small>				
MARKETING PROFILE	TARGET MARKET				
	MARKETING STRATEGIES				
PRODUCT PROFILE	PRODUCTS & SERVICES				
	PRICING & COSTS				
	DISTRIBUTION CHANNELS				
SWOT ANALYSIS	Do this for your company and for your competitors. Your strengths should support your opportunities and contribute to what you define as your competitive advantage.				
	STRENGTHS				
	WEAKNESSES				
	OPPORTUNITIES				
	THREATS				

SOURCE: [HTTPS://WWW.SMARTSHEET.COM/FREE-COMPETITOR-ANALYSIS-TEMPLATE](https://www.smartsheet.com/free-competitor-analysis-template)

LINK TO DOWNLOADABLE TEMPLATE:

[HTTPS://WWW.SMARTSHEET.COM/FREE-COMPETITOR-ANALYSIS-TEMPLATE](https://www.smartsheet.com/free-competitor-analysis-template)

TO CARRY OUT THE EXERCISE SUCCESSFULLY, YOU SHOULD CONSIDER THE FOLLOWING:

- DEFINE OBJECTIVES: DETERMINE WHAT YOU WANT TO ASSESS AND COMPARE TO OBTAIN SPECIFIC INFORMATION ABOUT YOUR TARGET GROUP.
- IDENTIFY COMPETITORS: FOCUS ON 2-4 COMPETITORS.
- DEFINE CRITERIA: ESTABLISH VALUE SCALES OR A CONCRETE EVALUATION MODEL TO GUIDE YOU IN YOUR STUDY AND BENCHMARKING.
- COMPETITOR ANALYSIS/SELF-ANALYSIS: PRODUCE A REPORT DESCRIBING YOUR QUALITATIVE DATA AND CONCLUSIONS FOUND.
- REACH CONCLUSIONS.



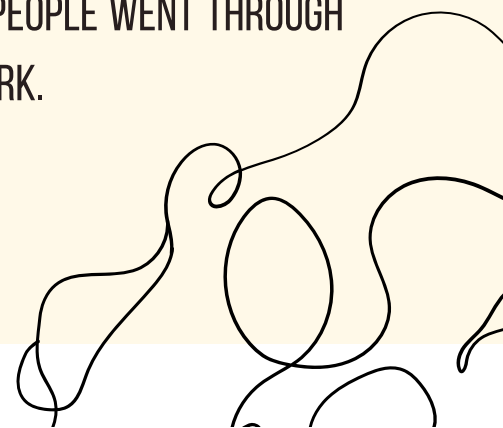
2.2.- ELEMENTS SPECIFIC TO CREATIVE ENTERPRISES

THE MOST SPECIFIC ELEMENT OF A CREATIVE PRODUCT IN TERMS OF MARKETING IS ITS INTANGIBILITY THAT MEANS THAT THE INTELLECTUAL CAPITAL IS THEIR PRIMARY PRODUCTION INPUT (THROSBY, 2001, DCMS, 1998). IT IS IMPOSSIBLE TO MEASURE THE BEAUTY OF AN ARTISTIC WORK THE SAME WAY WE MEASURE THE SPACE OF A HOUSE, THE SPEED OF A CAR OR THE RESISTANCE OF SOME MATERIALS. HOWEVER, WE CANNOT SAY THAT ALL ARTISTS ARE THE SAME GOOD BECAUSE THERE ARE OBVIOUSLY SOME ARTISTS WITH A CLEAR IMPACT ON PEOPLE AND SOCIETY. AND THERE ARE ALSO SOME ARTISTS WHOSE VALUE IS RECOGNIZED TIME LATER. WE COULD TRY TO SAY THAT AN ARTIST APPRECIATED BY MANY MORE PEOPLE IS A BETTER ARTIST, BUT THIS APPRECIATION CHANGES A LOT DEPENDING ON THE CULTURE.

AS A VERY GOOD EXAMPLE OF THE INFLUENCE OF MANY OTHER FACTORS ON THE QUALITY OF AN ART WORK WE CAN USE THE FOLLOWING STORY (FROM [DID VIOLINIST JOSHUA BELL PLAY INCOGNITO IN A SUBWAY? | SNOPE.COM](https://www.snopes.com/true-crime/2014/01/10/did-joshua-bell-play-in-a-subway/)):

“A MOST INTERESTING STORY

A MAN SAT AT A METRO STATION IN WASHINGTON DC AND STARTED TO PLAY THE VIOLIN; IT WAS A COLD JANUARY MORNING. HE PLAYED SIX BACH PIECES FOR ABOUT 45 MINUTES. DURING THAT TIME, SINCE IT WAS RUSH HOUR, IT WAS CALCULATED THAT THOUSANDS OF PEOPLE WENT THROUGH THE STATION, MOST OF THEM ON THEIR WAY TO WORK.



THE ONE WHO PAID THE MOST ATTENTION WAS A 3 YEAR OLD BOY. HIS MOTHER TAGGED HIM ALONG, HURRIED BUT THE KID STOPPED TO LOOK AT THE VIOLINIST. FINALLY THE MOTHER PUSHED HARD AND THE CHILD CONTINUED TO WALK, TURNING HIS HEAD ALL THE TIME. THIS ACTION WAS REPEATED BY SEVERAL OTHER CHILDREN. ALL THE PARENTS, WITHOUT EXCEPTION, FORCED THEM TO MOVE ON.

IN THE 45 MINUTES THE MUSICIAN PLAYED, ONLY 6 PEOPLE STOPPED AND STAYED FOR A WHILE. ABOUT 20 GAVE HIM MONEY BUT CONTINUED TO WALK THEIR NORMAL PACE. HE COLLECTED \$32. WHEN HE FINISHED PLAYING AND SILENCE TOOK OVER, NO ONE NOTICED IT. NO ONE APPLAUDED, NOR WAS THERE ANY RECOGNITION.

NO ONE KNEW THIS BUT THE VIOLINIST WAS JOSHUA BELL, ONE OF THE BEST MUSICIANS IN THE WORLD. HE PLAYED ONE OF THE MOST INTRICATE PIECES EVER WRITTEN WITH A VIOLIN WORTH 3.5 MILLION DOLLARS.

TWO DAYS BEFORE HIS PLAYING IN THE SUBWAY, JOSHUA BELL SOLD OUT AT A THEATRE IN BOSTON AND THE SEATS AVERAGE \$100.

THIS IS A REAL STORY. JOSHUA BELL PLAYING INCOGNITO IN THE METRO STATION WAS ORGANISED BY THE WASHINGTON POST AS PART OF AN SOCIAL EXPERIMENT ABOUT PERCEPTION, TASTE AND PRIORITIES OF PEOPLE. THE OUTLINES WERE: IN A COMMONPLACE ENVIRONMENT AT AN INAPPROPRIATE HOUR: DO WE PERCEIVE BEAUTY? DO WE STOP TO APPRECIATE IT?



DO WE RECOGNIZE TALENT IN AN UNEXPECTED CONTEXT?

ONE OF THE POSSIBLE CONCLUSIONS FROM THIS EXPERIENCE COULD BE: IF WE DO NOT HAVE A MOMENT TO STOP AND LISTEN TO ONE OF THE BEST MUSICIANS IN THE WORLD PLAYING THE BEST MUSIC EVER WRITTEN, HOW MANY OTHER THINGS ARE WE MISSING?"

THERE IS ANOTHER RELEVANT QUESTION TO ADD IN TERMS OF MARKETING. COULD EVERYONE ATTENDING THE CONCERT AND PAYING THE \$100 PRICE DISTINGUISH THE QUALITY OF THE VIOLINIST FROM ANOTHER NOT SO GOOD VIOLINIST? EXPERIENCE IN MARKETING SAYS THAT MOST OF THE ATTENDEES COULDN'T DO IT. WHAT IS COMMONLY ACCEPTED AS GOOD IS VERY IMPORTANT IN THE MARKET. IN EVERY INDUSTRY THERE ARE PEOPLE WHOSE OPINION IS HIGHLY APPRECIATED BY THE REST OF THE CUSTOMERS. AND THE PRESENTATION IS ALSO MANY TIMES MORE IMPORTANT THAN THE PRODUCT ITSELF.

TO SUM UP, ACCORDING TO ROZENTALE & MARIANGELA (2014) THE **SPECIFIC ELEMENTS** THAT DEFINE THE CULTURAL AND CREATIVE INDUSTRIES (CCIS):

- THE CCIS ARE ALL SEEN AS PRODUCERS AND CARRIERS OF **SYMBOLIC CONTENT AND MEANING** (SCOTT, 2000; THROSBY, 2001);
- THE CREATIVE INDUSTRIES USE HUMAN CREATIVITY, SKILL AND TALENT AND THEREFORE HAVE **INTELLECTUAL CAPITAL** AS THEIR PRIMARY PRODUCTION INPUT (DCMS, 1998; THROSBY, 2001);
- THEIR OUTPUT IS THEREBY PERCEIVED AS **HIGHLY DIFFERENTIATED** AND CAN BE CHARACTERISED AS ARTISTIC, CULTURAL OR CREATIVE;

- THE **NON-MONETARY VALUES** ATTACHED TO THE SYMBOLIC CONTENT ARE HIGHLY REGARDED BY CONSUMERS, WHICH MAKE THE CREATIVE INDUSTRIES HIGH-VALUE-ADDED SECTORS.
- CREATIVE INDUSTRIES FACE HIGHER DEMAND **UNCERTAINTY**, STRONG **VOLATILITY** IN TASTES AND THEREFORE HIGHER **RISKS**.
- CREATIVE FIRMS HAVE TO CONSTANTLY PRODUCE **HIGH LEVELS OF NOVELTY** (COOKE & LAZZERETTI, 2008), WHICH IN TURN HAVE THE POTENTIAL TO RESULT IN INNOVATION (SCOTT, 2010).
- SOME STUDIES HAVE EVEN PROVED CREATIVE INDUSTRIES TO BE MORE INNOVATIVE THAN OTHER MANUFACTURING OR SERVICE SECTORS (CHAPAIN, COOKE, DE PROPRIIS, MACNEILL, & MATEOS-GARCIA, 2010).
- THE DURABILITY OF CREATIVE FIRMS' OUTPUT AND THE NOVELTY GENERATION IMPLY THAT CREATIVE INDUSTRIES CREATE OR EXPLOIT INTELLECTUAL PROPERTY (THROSBY, 2001; UNCTAD, 2008).
- CREATIVE INDUSTRIES IMPACT ON THE REST OF THE ECONOMY ON ONE SIDE BY PRODUCING AND SELLING INNOVATIVE GOODS AND SERVICES FOR THE FINAL CONSUMER, ON THE OTHER BY PROVIDING GOODS AND SERVICES AS INTERMEDIARY **INPUTS TO OTHER SECTORS** (CHAPAIN ET AL., 2010; SCOTT, 2008).

IN THE END, WHAT MUST BE CONSIDERED IS THAT ART PRODUCES FEELINGS AND MANY OF THOSE FEELINGS ARE NOT PRODUCED BY THE ARTIST WORK ITSELF BUT BY SOME OTHER CONDITIONS INTERESTING TO ANALYSE AND MANAGE.

2.3.- THE NEED OF MANAGERIAL WORK

MANAGERIAL WORK IN THE ARTS INDUSTRY INCLUDES RUNNING THE DAILY BUSINESS OPERATIONS OF ART INSTITUTIONS OR PROFESSIONALS EITHER PRIVATE OR PUBLIC. IT IS AN ATTEMPT TO RECONCILE BOTH DISCIPLINES AS THEY POTENTIALLY HAVE OPPOSING OBJECTIVES. MANAGERIAL ACTIVITY REFERS TO THE PRACTICAL ASPECTS OF RUNNING A BUSINESS: RATIONAL MANAGEMENT OF RESOURCES, KEEPING EXPENDITURE WITHIN A BUDGET, PURSUING EFFICIENCY. ART INDUSTRY IS A MEAN OF EXPRESSION, IT CARRIES THE AUTHOR'S VISION AND EMOTIONS AND IS NOT CONCERNED WITH PROFIT.

IT IS IMPORTANT TO SEPARATE TIME AND ROOMS FOR BOTH. IN THE ART INDUSTRY, MANAGEMENT MUST RESPECT ARTS BY NOT STIFLING THE ARTIST'S CREATIVITY AND THEIR FREEDOM TO EXPRESS THEMSELVES. ART SHOULD ALWAYS HAVE THE FREEDOM AND THE SPACE TO CREATE AND PERFORM ITS ROLE TOWARDS SOCIETY: INSPIRE IDEAS, EDUCATE, EMBODY THE CURRENT ISSUES, AND STRUGGLES OF A SOCIETY, SHAPE NATIONS AND PEOPLES' IDENTITIES, CREATE CULTURAL LEGACIES THAT ARE PASSED ONTO THE NEXT GENERATION.

BUT EVERY KIND OF ARTS ORGANIZATION IS A LEGAL ORGANIZATION WHICH MUST MEET LEGAL, ECONOMIC, AND ORGANIZATIONAL REQUIREMENTS TO EXIST AND SURVIVE BY PERFORMING ITS ROLE IN THE SOCIETY. FURTHERMORE, SOME CALLED ARTS DEVELOP A LOT OF ACTIVITY WITHIN THE ENTERTAINMENT INDUSTRY. MANY FILMS, SONGS, THEATRE PLAYS ARE NOT CREATED TO LAST FOREVER BUT FOR THE PUBLIC TO HAVE A GOOD TIME.

THE SAME THING HAPPENS WITH SOME PICTURES WHICH ARE VERY USEFUL TO DECORATE BUT NOT NECESSARILY TO BE PLACED ON THE WALL OF A MUSEUM. TOGETHER WITH THE ARTS, IT EXISTS SOME ACTIVITY WHICH CAN FINANCE THE TIME NEEDED TO MAKE ART.

AS WOODY ALLEN SAID:” IF SHOW BUSINESS WASN’T A BUSINESS, IT WOULD BE CALLED A SHOW”. ANY ART INSTITUTION HAS TO BE ECONOMICALLY VIABLE, MANAGE STAFF, FIND FUNDING ETC. HENCE THE NEED FOR MANAGEMENT.

EXAMPLES OF MANAGERIAL WORK ON ARTS ARE THE MANAGEMENT OF EVENTS, THE HIRING OF ALL THE STAFF (ALSO ARTISTIC), THE FINANCING, THE ACCOUNTING (OF EVENTS AND OF THE COMPANY), THE PROMOTION AND A LOT OF ACTIVITIES THAT BEING WELL DEVELOPED, ALLOW THE ARTISTIC COMPANY TO EXIST AND KEEP OFFERING ITS ART TO THE SOCIETY.

2.4.- PERSONAL BRAND

BUILDING YOUR PERSONAL BRAND IS VERY IMPORTANT. WE MUST BE AWARE THAT, TODAY, EVERYONE HAS A BRAND. THEREFORE, HAVING A WELL-DEFINED PERSONAL BRAND TRAVELLING ALL OVER THE WORLD IS CRUCIAL.

TO CREATE OUR PERSONAL BRAND, TO SHOW THE ARTIST BEHIND THE WORK, WE WILL, FIRST, ANALYSE OURSELVES. WE WILL ANSWER QUESTIONS LIKE HOW WE ARE, HOW OTHERS SEE US, WHAT WE TRANSMIT, WHAT WE WANT TO DO WITH OUR CAREER, ETC. MANY TIMES, THE ANSWER TO THESE QUESTIONS IS NOT SO EASY. LET’S LOOK FOR TOOLS TO HELP US.

THE MOST IMPORTANT THING IS TO DISCOVER WHAT YOUR STRENGTHS AND WEAKNESSES ARE TODAY. THIS WAY, YOU CAN TAKE MORE ADVANTAGE OF STRENGTHS AND REDUCE THE LIMITATION OF YOUR WEAKNESSES. ALL OF THIS, OBVIOUSLY LINKED TO HOW WE WANT TO BE SEEN IN THE MARKET, BEING THIS LINKED ALSO TO HOW WE WANT THE MARKET TO SEE US TOGETHER WITH OUR WORK. FOR INSTANCE, IF I WANT TO BUY SOMETHING ETHNIC, IT WILL BE INTERESTING FOR ME TO KNOW HOW THE ARTIST WAS IN TOUCH WITH THAT ETHNIC GROUP. THE CONCEPT OF AUTHENTICITY IN ARTS IS VERY IMPORTANT, THE WAY IT IS THE CONCEPT OF FUSION.

IT IS ALSO IMPORTANT TO CREATE AN ENVIRONMENT OF CONFIDENCE AND HONESTY WITH OURSELVES AND WITH OTHERS. THIS WAY WE CAN GET RELEVANT INFORMATION. OTHERWISE, WE WILL CREATE A BIAS IN THE KNOWLEDGE OF HOW PEOPLE SEE US THAT IT WILL NOT BE FOR GOOD.

MAIN STEPS TO CREATE A SUCCESSFUL PERSONAL BRAND:

1.DEFINE YOURSELF

CREATING YOUR PERSONAL BRAND REQUIRES YOU TO STOP FOR A MOMENT AND EXERCISE KNOWING YOURSELF. ASK YOURSELF QUESTIONS AND DEFINE A PATH. IF YOU'RE NOT PREPARED TO DO SO, BETTER TO DELAY YOUR BRAND CREATION. WAIT FOR THE RIGHT TIME WHEN YOU FEEL YOU MUST DO IT.

NEVER BE IN A HURRY TO CREATE YOUR PERSONAL BRAND. TO ALIGN IT WITH YOU AND YOUR VALUES YOU MUST START SLOWLY. IT WILL TAKE TIME AT THE BEGINNING, BUT IT WILL MEAN LESS WORK IN THE MEDIUM AND LONG TERM. YOU WILL ALSO AVOID MANY MISUNDERSTANDINGS AND SPEND TIME AND MONEY ON ITS MANAGEMENT.

2. BE HONEST

BEGINNING WITH YOURSELF. THERE IS NO OPTION REGARDING THIS. THE TRUTH IS SOONER OR LATER RECOGNIZED AND VERY APPRECIATED. IT WILL MAINTAIN THE TRUST OF YOUR FOLLOWERS. THIS HAS NOTHING TO DO WITH YOU TELLING PERSONAL THINGS OR SUCH DATA. EVEN MORE, THIS WILL KEEP YOUR INTIMACY PRIVATE.

3. MAKE THE DIGITAL ENVIRONMENT WORK FOR YOU AND NOT AGAINST YOU.

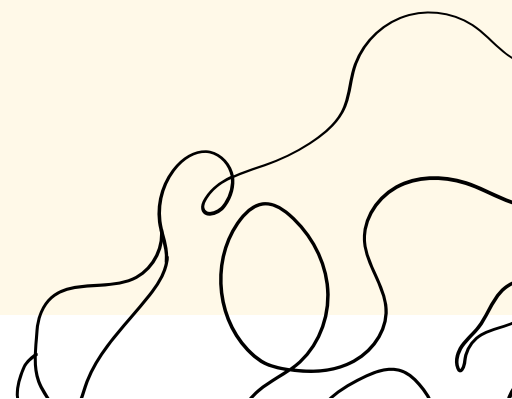
STAY FAITHFUL WITH YOUR BRAND IMAGE. MAKE COHERENT THE CONNECTION BETWEEN WHAT YOU INTEND AND WHAT YOU SHOW. TAKE CARE OF THE IMAGES YOU PUT, EVEN CONSIDER THE COLORS YOU USE FOR BACKGROUNDS, ETC. YOU ARE TALKING ABOUT YOURSELF.

4. ALWAYS KEEP YOUR REFERENCES UP TO DATE.

IF YOU THINK YOUR PRESENTATION IS A LIST OF JOBS, DATES, AND CHARACTERS, YOU'RE WRONG. YOUR PROFESSIONAL HISTORY SPEAKS OF YOU CLEARER AND STRONGER THAN WHAT YOU BELIEVE. BE CAREFUL WITH IT, KEEP IT UP TO DATE, WITH GOOD WRITING AND LINK YOUR WORK WITH AS MANY REFERENCES AS YOU CAN.

5. CREATE A PERSONAL WEBSITE.

IF YOU CAN AFFORD IT, GREAT, BUT IF YOU CAN'T, DON'T LEAVE IT FOR LATER, YOU HAVE A LOT OF PLATFORMS WHERE YOU CAN BUILD YOUR WEBSITE FOR FREE AND WITH GOOD QUALITY.



6. EXPAND YOUR NETWORK OF CONTACTS.

COMMUNICATE WHAT YOU DO AND SEARCH FOR CONTACTS AND FOLLOWERS. USE PROFESSIONAL NETWORKS IN ADDITION TO THE USUAL SOCIAL NETWORKS. IF YOU UNDERSTAND THE IMPORTANCE OF RELATIONSHIPS IN THE ANALOG WORLD, YOU WILL UNDERSTAND THAT RELATIONSHIPS IN THE DIGITAL WORLD ARE ALSO IMPORTANT. TAKE ADVANTAGE OF THE FACILITIES THAT THE INTERNET OFFERS TO YOU.

7.TALK TO THEM

IF YOU HAVE FANS, FOLLOWERS, ETC. TALK TO THEM, SEND THEM AN EMAIL, UPDATE A POST ON THE NETWORKS WHERE THEY MOVE, ... AT LEAST, ONCE A WEEK OR WITH THE PERIODICITY YOU DECIDE, SO THEY KNOW YOU ARE THERE AND WHAT YOU ARE WORKING ON. TRY TO GET A COMMUNITY OF FOLLOWERS THAT FOLLOW YOUR WORK AND ARE ALSO THERE WHEN YOU'RE NOT WORKING.

8.FREE DOES NOT MEAN POOR.

A POOR OR MEOIOCRE PERSONAL BRAND ON THE INTERNET CAN REALLY HURT YOU, ESPECIALLY WHEN THE MARKET IS FULL OF COMPETITORS AND THE DEMAND IS LOW. POOR, IN THIS CASE, MEANS NON-WELL- DEFINED AND ILLOGICAL. IT HAS NOTHING TO DO WITH MONEY, ALTHOUGH HARD WORK AND TIME WILL BE REQUIRED.



AN INTERESTING TOOL TO ANALYSE AND DEVELOP YOUR PERSONAL BRAND IS THE "BUSINESS MODEL YOU".

TOOL: **BUSINESS MODEL YOU**

VIDEO: HOW TO DIAGRAM YOUR PERSONAL BUSINESS MODEL THE QUICK WAY










[HTTPS://WWW.YOUTUBE.COM/WATCH?V=CYG_K4QT3GY](https://www.youtube.com/watch?v=CYG_K4QT3GY)

LINK TO A DOWNLOADABLE TEMPLATE:

[HTTPS://WWW.STATTYS.COM/PUB/MEDIA/CATALOG/PRODUCT/CACHE/2836CFA97ED9167584BE0F1D6DECABC58/3/8/381-BMY208-PERSONAL_BUSINESS_MODEL_CANVAS_A0-1024JPG_1.JPG](https://www.stattys.com/pub/media/catalog/product/cache/2836cfa97ed9167584be0f1d6decabc58/3/8/381-bmy208-personal_business_model_canvas_a0-1024jpg_1.jpg)

PERSONAL BUSINESS MODEL

NAME: _____ DATE: _____

KEY PARTNERS: <i>WHO IS HELPING YOU?</i> 	KEY ACTIVITIES: <i>WHAT ARE YOU DOING?</i>  KEY RESSOURCES: <i>WHAT DO YOU HAVE? WHAT DO YOU NEED?</i> 	VALUE PROPOSITION: <i>HOW CAN YOU HELP?</i> 	CUSTOMER RELATIONSHIP: <i>HOW DO YOU INTERACT?</i>  CHANNELS: <i>HOW DO PEOPLE KNOW YOU?</i> 	CUSTOMER SEGMENTS: <i>WHO ARE YOU HELPING?</i> 
COST STRUCTURE: <i>WHAT ARE YOU INVESTING?</i> 		REVENUE STREAMS: <i>WHAT DO YOU GET?</i> 		

SOURCE: [HTTPS://BERNARDZITZER.COM/PRODUCT/PERSONAL-BUSINESS-MODEL/](https://bernardzitzer.com/product/personal-business-model/)

UNIT 3 – SUCCESS IN ARTS FIELD

3.1.- LEAN START-UP IN ARTS

LEAN STARTUP IS A METHODOLOGY FOR DEVELOPING PRODUCTS THAT AIMS TO RAPIDLY DISCOVER IF A PROPOSED PRODUCT IS VIABLE; THIS IS ACHIEVED BY FOLLOWING PRODUCT-HYPOTHESIS-DRIVEN EXPERIMENT, METHODOLOGY TO VALIDATE THE LEARNING AND RELEASE A PRODUCT. LEAN STARTUP FOCUSES ON CUSTOMERS' FEEDBACK INSTEAD OF INTUITION AND MANAGES WITH FLEXIBILITY AND ADAPTABILITY INSTEAD OF PLANNING. LEAN START-UP USES A SLOGAN "FAIL FAST, FAIL CHEAP". TO DO SO, IT IS IMPORTANT TO MEET THE NEEDS OF EARLY CUSTOMERS. THIS WILL SAVE TIME AND MONEY. IT IS IMPORTANT TO THINK AT EVERY TIME WHAT IS THE BEST DIRECTION FOR THE BUSINESS TO BE DEVELOPED.

VIDEO: THE LEAN STARTUP

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=RJXXDVDDJ0Q](https://www.youtube.com/watch?v=RJXXDVDDJ0Q)

THE MAIN COMPONENTS OF THE LEAN START-UP METHODOLOGY APPLICABLE FOR THE ART INDUSTRY ARE:

MINIMUM VIABLE PRODUCT

A MINIMUM VIABLE PRODUCT (MVP) IS THE "VERSION OF A NEW PRODUCT WHICH ALLOWS A TEAM TO COLLECT THE MAXIMUM AMOUNT OF VALIDATED LEARNING ABOUT CUSTOMERS WITH THE LEAST EFFORT". IT IS DEVELOPED TO TEST FUNDAMENTAL BUSINESS HYPOTHESES (OR LEAP-OF-FAITH ASSUMPTIONS) AND TO HELP ENTREPRENEURS BEGIN THE LEARNING PROCESS AS QUICKLY AS POSSIBLE.

THE MAIN COMPONENTS OF THE LEAN START-UP METHODOLOGY APPLICABLE FOR THE ART INDUSTRY ARE:

ZAPPOS IS A GOOD EXAMPLE OF THIS GOOD PRACTICE. ITS FOUNDER, NICK SWINMURN, HAD THOUGHT OF STARTING-UP AN ONLINE SHOP OF SHOES. HE BEGAN TAKING PICTURES OF SHOES FROM A LOCAL SHOE STORE AND UPLOADING THEM TO A WEB THAT HE HAD CREATED TO SELL THEM. WHEN HE HAD SOLD A PAIR OF SHOES, HE BOUGHT THEM IN THE LOCAL STORE AND SENT THEM TO THE ONLINE CUSTOMER. THIS CHEAP WAY HE WAS ABLE TO CHECK THAT THERE WAS POTENTIAL DEMAND FOR AN ONLINE SHOP OF SHOES. ZAPPO BEGAN FROM THAT AND BECAME A BILLION-DOLLAR BUSINESS.

SPLIT TESTING

A SPLIT TESTING IS AN EXPERIMENT WHICH CONSISTS OF OFFERING DIFFERENT VERSIONS (A/B) OF A PRODUCT TO CUSTOMERS AT THE SAME TIME AND TO OBSERVE THE MARKET BEHAVIOUR IN A MEASURABLE WAY. IT IS IMPORTANT TO CHECK THAT THE COMPARISON IS NEUTRAL, AND NO OTHER VARIABLES HAVE INFLUENCE ON THE EXPERIMENT.

FOR INSTANCE, IF AN ARTIST NEEDS TO KNOW WHAT WEDDING RINGS CONSUMERS WOULD PREFER, COULD MAKE A SMALL SAMPLE OF THE DIFFERENT OPTIONS, AND SEE THEIR REACTION BEFORE INVESTING MONEY AND TIME TO BE IN SERIES PRODUCTION.



ACTIONABLE METRICS

ACTIONABLE METRICS ARE THE METRICS THAT REFLECT ACCURATELY THE KEY DRIVERS OF A PRODUCT. THEY ARE THE OPPOSITE OF VANITY METRICS, WHICH ARE NOT REALISTIC. IT HAS HAPPENED IN THE DIGITAL WORLD THAT SOME IDEAS, FOR INSTANCE, HAVE A LOT OF FOLLOWERS ON SOCIAL MEDIA. SOMETIMES THE PROMOTERS OF THAT IDEA LAUNCH SOME PRODUCTS FOR ALL THE FOLLOWERS (T-SHIRTS, KEYRINGS, ETC.) AND DON'T EVEN SELL THEM.

THIS HAPPENS BECAUSE BECOMING A FOLLOWER IS MOSTLY FOR FREE AND TO HAVE TO PAY FOR SOMETHING IS A BARRIER THAT MOST PEOPLE PREFER NOT TO CROSS. WHEN DOING THIS KIND OF THING WE SHOULD LOOK FOR OTHER KIND OF METRICS BEFORE LAUNCHING ANY PRODUCT.

PIVOT

PIVOT CONSISTS OF CORRECTING THE WORK DYNAMICS TO TEST A NEW RELEVANT HYPOTHESIS ABOUT THE PRODUCT, STRATEGY, AND DEVELOPMENT.

GROUPON IS A GOOD EXAMPLE. IT BEGAN AS AN ONLINE ACTIVISM PLATFORM WITH NO MUCH SUCCESS. THE FOUNDERS DECIDED THEN TO LAUNCH A PROMOTIONAL COUPON WITH DISCOUNT FOR A PIZZERIA LOCATED IN THEIR BUILDING LOBBY. THEY ONLY RECEIVED 20 REDEMPTIONS, BUT SAW THAT THEIR IDEA WAS SIGNIFICANT, AND HAD BROUGHT SOME INTERESTING ACTIVITY. THREE YEARS LATER, GROUPON BECAME A BILLION-DOLLAR BUSINESS.

BUILD-MEASURE-LEARN

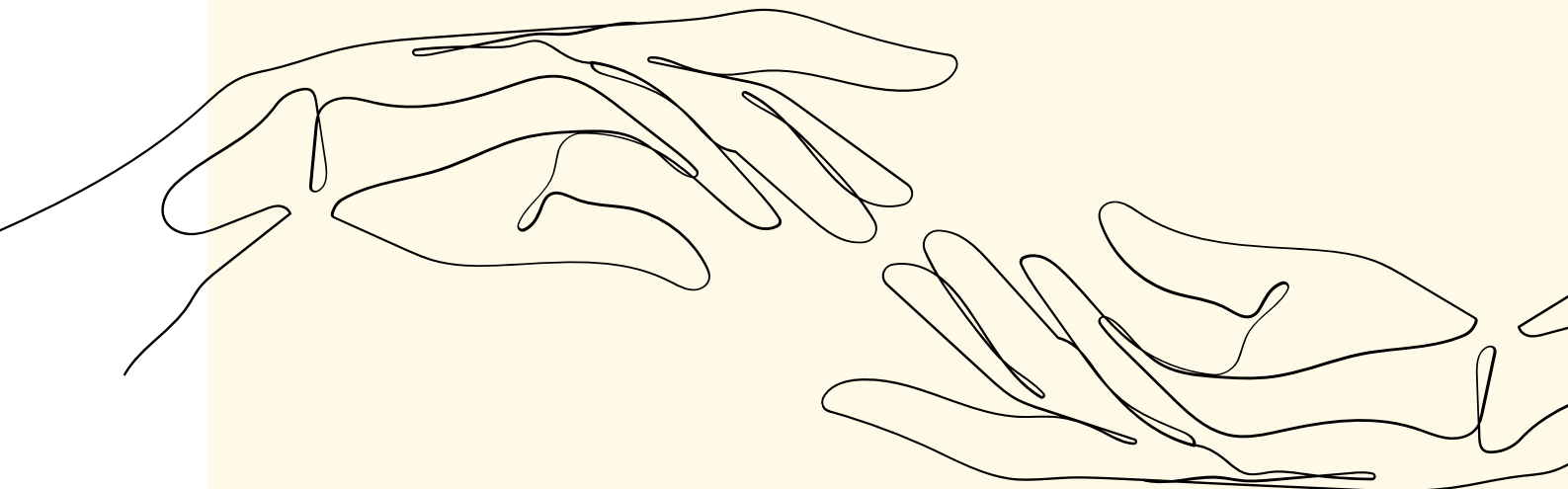
IT IS A LOOP THAT CONSIDERS SPEED AS A CRITICAL INGREDIENT TO CUSTOMER DEVELOPMENT. IT AIMS TO BUILD A MINIMUM VIABLE PRODUCT AS QUICKLY AS POSSIBLE, MEASURE ITS IMPACT, AND LEARN FROM THAT EXPERIMENT. IT CREATES A CYCLE OF LEARNING ACTIVITY, AND IT CAN BRING REAL ADVANTAGE TO THE COMPANY ABLE TO DEVELOP IT. THE PHASES OF THE LOOP ARE: IDEAS → **BUILD** → PRODUCT → **MEASURE** → DATA → **LEARN**

VIDEO: THE LEAN STARTUP SUMMARY (BY ERIC RIES)

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=RSAIOCHBUYW](https://www.youtube.com/watch?v=RSAIOCHBUYW)

TOOL: PRODUCT/SERVICE HYPOTHESIS CANVAS

WHEN YOU ARE DESIGNING A PRODUCT/SERVICE OR DEFINING A VALUE PROPOSITION YOU WILL OFTEN BE CONFRONTED WITH THE QUESTION OF WHICH ISSUES ARE MORE RELEVANT TO CUSTOMERS OR WHICH FEATURES THEY VALUE MORE. GENERATING FACTS ON YOUR CUSTOMERS' PREFERENCES AND PRIORITIES IS A MUCH BETTER APPROACH TO DESIGN THAN PRIORITISING SOLELY BASED ON YOUR ASSUMPTIONS.



LINK TO TEMPLATE: [HOW TO ARTICULATE A HYPOTHESIS FOR YOUR PRODUCT](#) | BY AGIMA

Product Hypothesis Canvas		Design for	Date
1 We believe that ... <small>describe what we plan</small>	2 For (whom) ... <small>target audience</small>	3 To achieve ... <small>what kind of result we are expecting</small>	
How do we measure this? <small>metrics and method for verification</small>			
Positive <small>impact / related items / efforts</small>		IMPACT	Negative

Use canvas © February 2015 © Simply Psychology, version 1.0
This canvas is licensed under the Creative Commons Attribution 4.0 International License
To view a copy of this license, visit <http://creativecommons.org/licenses/by/4.0/>

IT IS TIME TO OBTAIN INFORMATION ABOUT THE PRODUCT/SERVICE YOU ARE DESIGNING. WITH ALL THE KNOWLEDGE GENERATED AND WORKED ON IN DETAIL, YOU SHOULD BE ABLE TO GO FOR A STRATEGY THAT YOU MUST NOW LAND AND MATERIALISE IN AN EXPERIMENT OR TEST WITH THE MARKET.

CONSIDER: HOW CRITICAL THE HYPOTHESIS IS, HOW MUCH MONEY YOU WILL SPEND IN THE EXPERIMENT AND HOW MUCH TIME IT WILL TAKE.



TOOL: TEST CARD.

SOURCE: [HTTPS://PLATFORM.STRATEGYZER.COM/RESOURCES](https://platform.strategyzer.com/resources) (LINK TO DOWNLOAD THE TEMPLATE LOGIN REQUIRED)

VIDEO: VALIDATE YOUR IDEAS WITH THE TEST CARD

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=CW46YSJMLD8](https://www.youtube.com/watch?v=CW46YSJMLD8)

THE TEST CARD IS A PRACTICAL (LEAN STARTUP) TOOL CREATED BY STRATEGYZER THAT HELPS YOU VALIDATE YOUR BUSINESS IDEAS AND DESIGN EXPERIMENTS.

Test Card Strategyzer

Test Name	Deadline
Assigned to	Duration

STEP 1: HYPOTHESIS
We believe that
[Text Input Field]
Critical: [3 Upward Arrow Icons]

STEP 2: TEST
To verify that, we will
[Text Input Field]
Test Cost: [3 Downward Arrow Icons] Data Reliability: [3 Upward Arrow Icons]

STEP 3: METRIC
And measure
[Text Input Field]
Time Required: [3 Clock Icons]

STEP 4: CRITERIA
We are right if
[Text Input Field]

Copyright Business Model Factory AG The makers of Business Model Generation and Strategyzer

TOOL: LEARNING CARD.

SOURCE: [HTTPS://PLATFORM.STRATEGYZER.COM/RESOURCES](https://platform.strategyzer.com/resources) (LINK TO DOWNLOAD THE TEMPLATE. LOGIN REQUIRED)

VIDEO: CAPTURE (CUSTOMER) INSIGHTS AND ACTIONS WITH THE LEARNING CARD

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=U1FLRMG7J-0](https://www.youtube.com/watch?v=U1FLRMG7J-0)

THE LEARNING CARD SYSTEMATICALLY CAPTURES YOUR LEARNINGS AND MAKES THE RESULTING DECISIONS AND ACTIONS EXPLICIT.

Learning Card Strategyzer

Insight Source Date of Learning

Person Responsible

STEP 1: HYPOTHESIS
We believed that

STEP 2: OBSERVATION
We observed

Data Reliability

STEP 3: LEARNINGS AND INSIGHTS
From that we learned that

Action Required

STEP 4: DECISIONS AND ACTIONS
Therefore, we will

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3.2.- LOCAL BUSINESS CASES

BY WAY OF EXAMPLE, LOCAL CASES ARE PRESENTED UNDER DIFFERENT LEGAL FORMS. THESE ARE CASES OF CREATIVE ENTERPRISES SET UP BY WOMEN OR WITH SIGNIFICANT FEMALE INVOLVEMENT.

SPAIN

- COOPERATIVES

MAKINACIÓN COOP. [HTTPS://MAKINACCION.COM/SOMOS/](https://makinaccion.com/somos/)

WOMEN'S COOPERATIVE IN THE CULTURAL AND CREATIVE INDUSTRIES SECTOR. MAKINACIÓN IS AN EMOTIONAL AND TRANSMEDIA COMMUNICATION COOPERATIVE THAT PROVIDES CONSULTANCY SERVICES, PRODUCTION OF ACTIONS AND/OR EVENTS, TRAINING AND INNOVATION DYNAMICS, WITH A TAILOR-MADE APPROACH FOCUSED ON PARTICIPATION, CONVERSATION AND PLAY WITH AUDIENCES.

TRANSMEDIA COMMUNICATION STRATEGIES

CONSULTANCY, ASSESSMENT AND DATA ANALYSIS

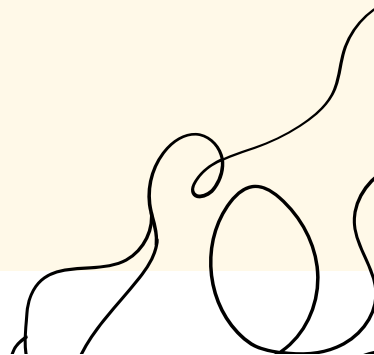
RESEARCH AND STUDIES

INTERNAL COMMUNICATION AND BRAND AMBASSADORS

MEDIA PLANNING

- SELF-EMPLOYED/FREELANCE - CIRCULAR ECONOMY BUSINESS MODEL

LUCIRMAS - LUCIA BRUNI - [HTTPS://LUCIRMAS.COM/EN/](https://lucirmas.com/en/)



- SELF-EMPLOYED/FREELANCE - CIRCULAR ECONOMY BUSINESS MODEL

LUCIRMAS - LUCIA BRUNI - [HTTPS://LUCIRMAS.COM/EN/](https://lucirmas.com/en/)

LUCIRMÁS WAS FOUNDED IN 2006 IN BARCELONA BY THE ITALIAN DESIGNER LUCIA BRUNI. LUCIA HAS CREATED THE LUCIRMÁS ATELIER, TO BRING EXCELLENCE TO SUSTAINABLE GLASS DESIGN. THE RESULTS ARE ELEGANT, USEFUL AND SUSTAINABLE PRODUCTS, DESIGNED TO LIVE A LONG LIFE AND FIT EASILY IN MULTIPLE SPACES.

LUCIA BRUNI SUPPORTS CRAFTSMANSHIP TECHNIQUES AND SHE DESIGNS, MANUFACTURES AND SELLS HER OWN COLLECTIONS THROUGH HER WEBSITE AND ALSO IN DIFFERENT STORES IN ALL EUROPE.

THROUGHOUT THE WHOLE 2016 LUCIA BRUNI HAS COLLABORATED WITH THE CELLER RESTAURANT IN CAN ROCA FOR THE CREATION OF “ROCARECICLA” SUSTAINABLE PROJECT, FOCUSING ON THE IMPLEMENTATION OF THE PROJECT AND ON THE DEFINITION OF THE DESIGN LINE.

LA LEYENDA DE OXFORDSHIRE - ESTHER JIMENEZ SORIANO

[HTTPS://ALICANTEPLAZA.ES/ESTHER-JIMENEZ-DE-LA-FARMACIA-A-EMPRENDEDORA-LITERARIA-Y-DE-EDUCACION-EMOCIONAL](https://alicanteplaza.es/esther-jimenez-de-la-farmacia-a-emprendedora-literaria-y-de-educacion-emocional)

ESTHER'S PROJECT FOCUSES ON EMOTIONAL INTELLIGENCE DURING DIFFERENT STAGES, USING THEATRE AND CULTURE AS A PATHWAY. IT IS

DIVIDED INTO SEVERAL BRANCHES: RE-KNOW - FOCUSED ON THE RECOGNITION OF EMOTIONS. I FEEL - FOCUSED ON GIVING TOOLS FOR MANAGING EMOTIONS. ACT - WORKING ON BULLYING. EQUALITY - AIMED AT PEOPLE WITH DISABILITIES. ALL OF THIS IS REFLECTED IN A FINAL DRAMATISED PROJECT WHICH ENCOMPASSES THE WHOLE, REFLECTING THE BOOK "THE LEGEND OF OXFORDSHIRE".

- OTHER LEGAL FORMS (CAPITAL ENTREPRISES WITH SOCIAL PERSPECTIVE)

TIMPERS BRAND, SL

[HTTPS://WWW.TIMPERSBRAND.COM/](https://www.timpersbrand.com/)

[HTTPS://LANZADERA.ES/PROYECTO/TIMPERS/](https://lanzadera.es/proyecto/timpers/)

[HTTPS://WEB.UA.ES/EN/ACTUALIDAD-](https://web.ua.es/en/actualidad-universitaria/2021/julio2021/12-18/timpers-a-shoe-company-created-by-ua-students-will-supply-footwear-for-the-spanish-paralympic-team-in-tokyo-2020.html)

[UNIVERSITARIA/2021/JULIO2021/12-18/TIMPERS-A-SHOE-COMPANY-](https://web.ua.es/en/actualidad-universitaria/2021/julio2021/12-18/timpers-a-shoe-company-created-by-ua-students-will-supply-footwear-for-the-spanish-paralympic-team-in-tokyo-2020.html)

[CREATED-BY-UA-STUDENTS-WILL-SUPPLY-FOOTWEAR-FOR-THE-SPANISH-](https://web.ua.es/en/actualidad-universitaria/2021/julio2021/12-18/timpers-a-shoe-company-created-by-ua-students-will-supply-footwear-for-the-spanish-paralympic-team-in-tokyo-2020.html)

[PARALYMPIC-TEAM-IN-TOKYO-2020.HTML](https://web.ua.es/en/actualidad-universitaria/2021/julio2021/12-18/timpers-a-shoe-company-created-by-ua-students-will-supply-footwear-for-the-spanish-paralympic-team-in-tokyo-2020.html)

TIMPERS IS A COMPANY FUNDED BY STUDENTS FROM THE UNIVERSITY OF ALICANTE THAT IS DEDICATED TO THE DESIGN AND COMMERCIALISATION OF SLIPPERS WITH THE PARTICULARITY THAT THEY ARE DESIGNED BY BLIND PEOPLE, THROUGH TOUCH AND FOR EVERYONE. AT TIMPERS, 100% OF THE STAFF HAS SOME KIND OF DISABILITY.



QUESTIONNAIRE MODULE 9

1.- WHICH OF THE FOLLOWING STATEMENTS IS NOT LINKED WITH TRADEMARKS:

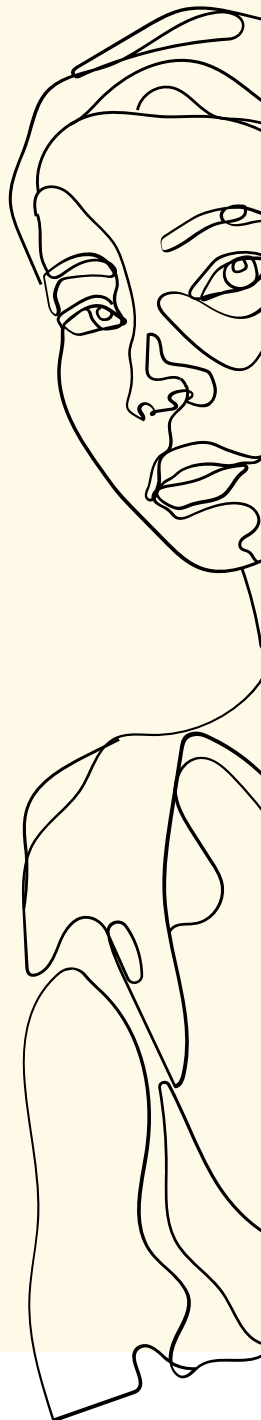
- A) IT CREATES AN IDENTITY THAT YOUR CUSTOMERS CAN RECOGNISE.
- B) IT GRANTS THE COMPANY THE EXCLUSIVE RIGHT TO PREVENT THIRD PARTIES FROM MARKETING IDENTICAL OR SIMILAR PRODUCTS.
- C) IT IS THE APPEARANCE OF A PRODUCT.

2.- A PATENT:

- A) CONSISTS OF ANY SIGNS, IN PARTICULAR WORDS (INCLUDING PERSONAL NAMES), OR DESIGNS, LETTERS, NUMERALS, COLOURS, THE SHAPE OF GOODS, OR OF THE PACKAGING OF GOODS OR SOUNDS.
- B) IS A LEGAL TITLE THAT GIVES INVENTORS THE RIGHT.
- C) CAN BE CONSIDERED A TRADE SECRET.

3.- SELECT THE WRONG ANSWER: A NON-PROFIT ENTERPRISE...

- A) IS A LEGAL ENTITY ORGANISED AND MANAGED FOR A COLLECTIVE, PUBLIC, OR SOCIAL BENEFIT.
- B) DOES NOT NEED TO OPERATE AS A FISCALLY RESPONSIBLE AND VIABLE BUSINESS.
- C) CAN RAISE MONEY IN DIFFERENT WAYS.



4.- SELECT THE WRONG ANSWER: A COOPERATIVE ...

A) IS AN OPEN AND VOLUNTARY ASSOCIATION.

B) IS A DEMOCRATIC STRUCTURE WITH EACH MEMBER HAVING ONE VOTE.

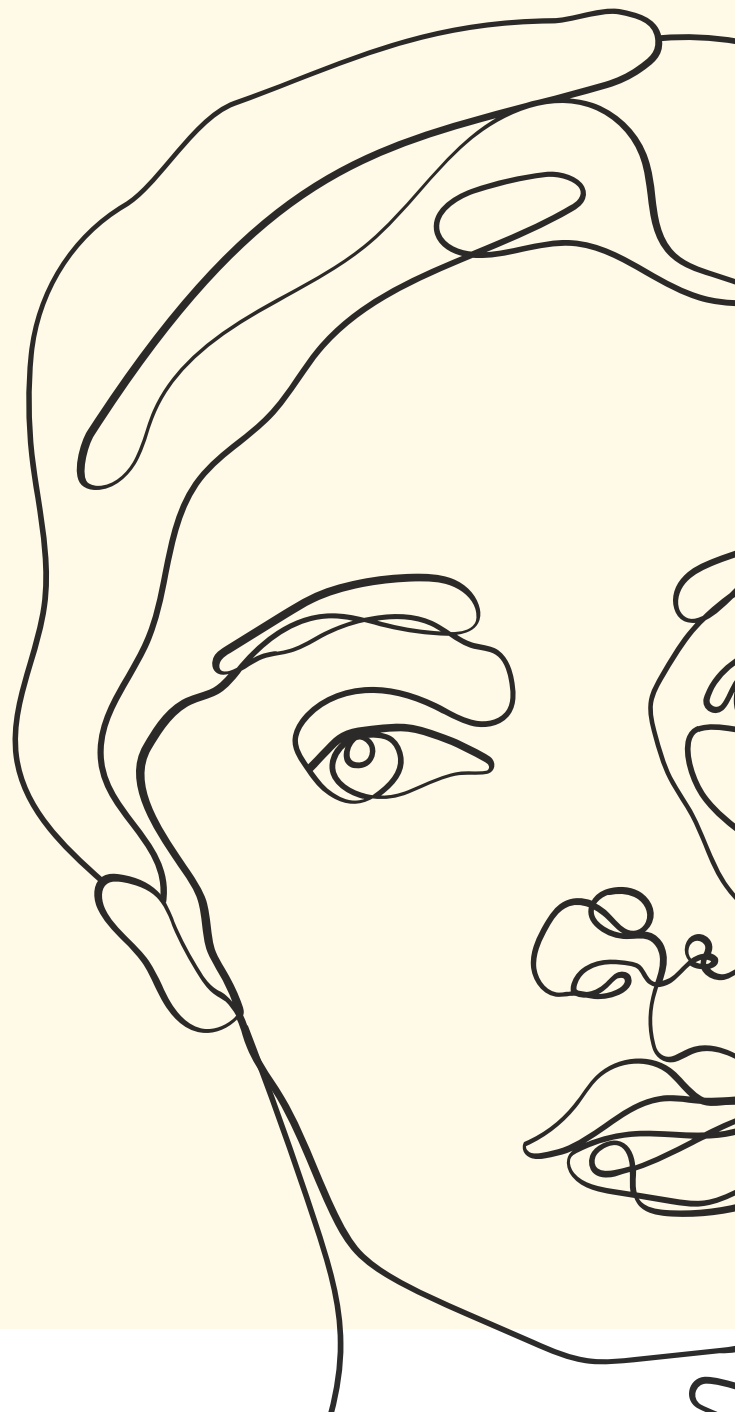
C) PROFITS ARE DISTRIBUTED ACCORDING TO THE AMOUNT OF CAPITAL CONTRIBUTED.

5.- THE MOST SPECIFIC ELEMENT OF A CREATIVE PRODUCT IN TERMS OF MARKETING IS:

A) INTANGIBILITY

B) MEASURABLE

C) OBJECTIVITY



SOURCES OF INFORMATION:

[STARTING A BUSINESS IN THE EU: REGISTRATION & SUPPORT - YOUR EUROPE \(EUROPA.EU\)](#)

[MARKETING MIX DEFINITION \(INVESTOPEDIA.COM\)](#)

[WWW.WIKIPEDIA.ORG](#)

[EUIPO - HOME](#)

[COUNCIL REGULATION \(EC\) NO 6/2002](#)

[HTTPS://WWW.EPO.ORG/](https://www.epo.org/)

[HTTPS://EC.EUROPA.EU/GROWTH/SECTORS/PROXIMITY-AND-SOCIAL-ECONOMY/SOCIAL-ECONOMY-EU/COOPERATIVES_EN](https://ec.europa.eu/growth/sectors/proximity-and-social-economy/social-economy-eu/cooperatives_en)

[SCALING LEAN](#)

[STRATEGYZER RESOURCES \(REQUIRES LOG IN - IT IS A FREE ACCOUNT\)](#)

CULTURE AND CREATIVITY IN EUROPE:

[HTTPS://CULTURE.EC.EUROPA.EU/CREATIVE-EUROPE/CROSS-SECTORAL-STRAND](https://culture.ec.europa.eu/creative-europe/cross-sectoral-strand)

[HTTPS://CULTURE.EC.EUROPA.EU/CREATIVE-EUROPE/ABOUT-THE-CREATIVE-EUROPE-PROGRAMME](https://culture.ec.europa.eu/creative-europe/about-the-creative-europe-programme)

MODULE 10: BUSINESS MODELLING AND BUSINESS PLAN MANUAL

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INTRODUCTION

INNOVATION AND ENTREPRENEURSHIP, REPRESENTED AND BROUGHT INTO THE MARKET THROUGH START-UPS, ARE IMPORTANT FACTORS TO CONTRIBUTE TO ECONOMIC GROWTH. IN MANY CASES, START-UPS BRING ADDED VALUE TO MARKETS WITH NEW PRODUCTS OR SERVICES. BY STUDYING THIS MODULE, YOU WILL LEARN THE UNDERLYING PRINCIPLES OF STARTING A BUSINESS, AVOID COMMON PITFALLS, PITCH IDEAS MORE EFFECTIVELY, DEVELOP A SOLID BUSINESS PLAN, AND SET YOURSELF UP FOR SUCCESS. YOU WILL ALSO BE INTRODUCED INTO DIFFERENT BUSINESS MODELS.

MODULE 10 WILL OFFER YOU THE BASIC KNOWLEDGE AND SKILLS REQUIRED IN SETTING UP A BUSINESS AND WILL DEVELOP A SET OF ORGANIZATION AND ENTREPRENEURIAL SKILLS. THE MODULE INCLUDES A THEORETICAL AND A PRACTICAL INTRODUCTION TO THE PROCESS OF DEVELOPING A BUSINESS IDEA AND WILL PROVIDE YOU WITH THE TOOLS AND ENCOURAGEMENT NEEDED TO START YOUR OWN ENTREPRENEURSHIP JOURNEY. THIS MODULE IS COMPRISED BY 3 LEARNING UNITS IN TOTAL:

UNIT 1 – WHAT IS A BUSINESS MODEL?

INTRODUCTION

THE TOPIC OF BUSINESS MODELS HAS BECOME IMPORTANT IN TODAY'S COMPETITIVE LANDSCAPE. THE CAPACITY TO MANAGE CONTINUOUS CHANGE AND CONSTANTLY ADAPT TO RAPIDLY CHANGING BUSINESS ENVIRONMENTS BY INTRODUCING NEW BUSINESS IDEAS AND CONCEPTS IS NOWADAYS INDISPENSABLE FOR COMPANIES TO THRIVE AND SURVIVE. THE BUSINESS MODEL CONCEPT IS A PARTICULARLY HELPFUL UNIT OF STRATEGIC ANALYSIS TAILORED TO TODAY'S BUSINESS ENVIRONMENT. THERE IS A BUNCH OF DIVERSE QUALITATIVE AND QUANTITATIVE PROBLEM-SOLVING METHODS AND TOOLS TO CONSIDER WHEN DESIGNING OR UPDATING YOUR OWN BUSINESS MODEL. BUT LET US TAKE A STEP BACK AND REALLY ASK OURSELVES WHAT WE MEAN WHEN WE TALK ABOUT BUSINESS MODELS.

EXERCISE

RESPOND TO THE QUESTION: **BUT WHAT IS A BUSINESS MODEL? SHARE YOUR THOUGHTS AND IDEAS WITH YOUR GROUP MATES.**

HOW DO WE DEFINE WHAT A BUSINESS MODEL ACTUALLY IS AND HOW COULD WE DESCRIBE THE BUSINESS MODEL OF OUR OWN COMPANY?

THEORETICAL BACKGROUND

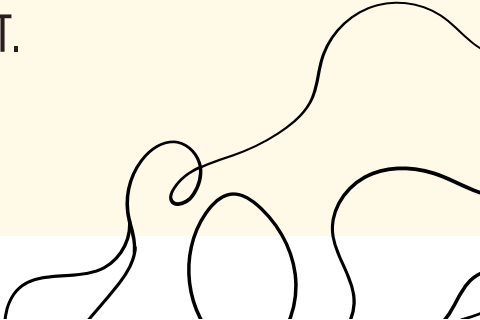
A BUSINESS MODEL DESCRIBES HOW AN ORGANIZATION CREATES, DELIVERS, AND CAPTURES VALUE, IN ECONOMIC, SOCIAL, CULTURAL, OR OTHER CONTEXTS. THE PROCESS OF BUSINESS MODEL CONSTRUCTION AND MODIFICATION FORMS A PART OF BUSINESS STRATEGY.

A **BUSINESS MODEL** IS A CONCEPTUAL TOOL THAT CONTAINS A SET OF ELEMENTS AND THEIR RELATIONSHIPS AND ALLOWS EXPRESSING THE BUSINESS LOGIC OF A SPECIFIC FIRM. IT IS A DESCRIPTION OF THE VALUE A COMPANY OFFERS TO ONE OR SEVERAL SEGMENTS OF CUSTOMERS AND OF THE ARCHITECTURE OF THE FIRM AND ITS NETWORK OF PARTNERS FOR CREATING, MARKETING, AND DELIVERING THIS VALUE AND RELATIONSHIP CAPITAL, TO GENERATE PROFITABLE AND SUSTAINABLE REVENUE STREAMS.

IN THEORY AND PRACTICE, THE TERM BUSINESS MODEL IS USED FOR A BROAD RANGE OF INFORMAL AND FORMAL DESCRIPTIONS TO REPRESENT CORE ASPECTS OF AN ORGANIZATION OR BUSINESS, INCLUDING PURPOSE, BUSINESS PROCESS, TARGET CUSTOMERS, OFFERINGS, STRATEGIES, INFRASTRUCTURE, ORGANIZATIONAL STRUCTURES, SOURCING, TRADING PRACTICES, AND OPERATIONAL PROCESSES AND POLICIES INCLUDING CULTURE.

THUS, A BUSINESS MODEL IS AN OUTLINE OF HOW A COMPANY PLANS TO MAKE MONEY WITH ITS PRODUCT(S) AND IS CUSTOMER BASE IN A SPECIFIC MARKET.

AT ITS CORE, A BUSINESS MODEL EXPLAINS FOUR THINGS:

- WHAT PRODUCT OR SERVICE A COMPANY WILL OFFER TO THE MARKET?
 - HOW IT INTENDS TO MARKET THAT PRODUCT OR SERVICE.
 - THE KIND OF EXPENSES THAT ARE FORESEEN FOR THE COMPANY/ BUSINESS TO OPERATE.
 - HOW THE BUSINESS EXPECTS TO TURN A PROFIT.
- 

BUSINESS MODELS ARE CONSTANTLY CHANGING, ADAPTING TO THE DEVELOPMENT OF BUSINESSES, THE MARKET, BUT ALSO TECHNOLOGICAL ADVANCEMENTS. THERE IS NO ONE-SIZE-FITS-ALL MODEL THAT CAN BE APPLIED TO EVERY BUSINESS.

ESSENTIAL COMPONENTS OF A BUSINESS MODEL

BUSINESS MODELS CAN VARY IN FORM AND FUNCTION; HOWEVER, THEY ALL CONSIST OF THE SAME BASIC COMPONENTS. ESSENTIAL ELEMENTS OF A BUSINESS MODEL INCLUDE A UNIQUE VALUE PROPOSITION, A VIABLE TARGET MARKET AND A COMPETITIVE ADVANTAGE. WITHOUT THOSE ELEMENTS, YOU WILL NOT HAVE A WAY OF GENERATING REVENUE. WHEN CHOOSING THE APPROPRIATE BUSINESS MODEL FOR YOUR OWN BUSINESS, YOU SHOULD NOT JUST CONSIDER ABOUT HOW TO GENERATE INCOME; YOU ALSO NEED TO CONSIDER PRODUCTION COSTS AND OTHER FACTORS IN ORDER TO SEE THE FULL PICTURE.

HERE ARE THE CORE COMPONENTS YOU NEED TO CONSIDER:

- **VALUE PROPOSITION:** IS A PROMISE OF VALUE, THAT MAKES YOUR PRODUCT ATTRACTIVE TO CUSTOMERS.
- **TARGET MARKET:** A SPECIFIC GROUP OF CONSUMERS WHO WOULD BE INTERESTED IN YOUR PRODUCT(S) AND/OR SERVICE(S).
- **COMPETITIVE ADVANTAGE:** A UNIQUE FEATURE OF YOUR PRODUCT(S) AND/OR SERVICE(S) THAT DISTINGUISH YOUR BUSINESS FROM OTHER COMPETITORS.

- **COST STRUCTURE:** A LIST OF THE FIXED AND VARIABLE EXPENSES YOUR BUSINESS REQUIRES TO FUNCTION, AND HOW THESE AFFECT PRICING.
- **KEY METRICS:** THE WAYS YOUR COMPANY MEASURES SUCCESS.
- **RESOURCES:** THE PHYSICAL, FINANCIAL, AND INTELLECTUAL ASSETS OF YOUR COMPANY.
- **PROBLEM AND SOLUTION:** YOUR TARGET CUSTOMERS' PAIN POINTS, AND HOW YOUR COMPANY INTENDS TO ADDRESS THEM.
- **REVENUE MODEL:** A FRAMEWORK THAT IDENTIFIES VIABLE INCOME SOURCES TO PURSUE.
- **REVENUE STREAMS:** THE MULTIPLE WAYS YOUR COMPANY CAN GENERATE INCOME.
- **PROFIT MARGIN:** THE AMOUNT YOUR REVENUE EXCEEDS BUSINESS COSTS.

TO HELP YOU RESUME WHAT A BUSINESS MODEL IS USEFUL FOR, AND WHICH ARE THE BASIC ELEMENTS THAT A COMPLETE BUSINESS MODEL SHOULD INCORPORATE, YOU CAN WATCH THE VIDEO AT THE FOLLOWING LINK:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=Z_ZTHXWOWB4](https://www.youtube.com/watch?v=Z_ZTHXWOWB4)

AND IF AT THIS POINT YOU ARE STILL WONDERING WHETHER YOU ACTUALLY NEED A BUSINESS MODEL, THE ANSWER IS DEFINITELY YES. AND HERE IS ANOTHER INTERESTING SHORT VIDEO TO FACILITATE YOU REALIZE WHY:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=WWSHFSSFB-Y](https://www.youtube.com/watch?v=WWSHFSSFB-Y)

BUSINESS MODEL VS. BUSINESS PLAN

BUSINESS MODELS AND BUSINESS PLANS ARE BOTH IMPORTANT TOOLS THAT CAN HELP YOU CREATE AND REFINE YOUR BUSINESS STRATEGY. AS BOTH CAN BE PURSUED WHEN UNDERTAKING A NEW BUSINESS INITIATIVE, THEY EACH SERVE A DIFFERENT PURPOSE. YOU CAN LEARN MORE ABOUT BUSINESS PLANS BY STUDYING MODULE 7 'MANAGEMENT OF CULTURAL AND CREATIVE ENTERPRISES'.

A BUSINESS MODEL IS THE FOUNDATION FOR YOUR COMPANY AND PRODUCTS. IT CAPTURES THE MAIN IDEA OF HOW YOUR BUSINESS WILL GENERATE REVENUE.

A BUSINESS PLAN GOES INTO GREATER DETAIL; IT IS A DOCUMENT THAT EXPLAINS HOW YOU WILL MAKE THE BUSINESS MODEL WORK. YOUR BUSINESS PLAN WILL LIKELY INCLUDE YOUR COMPANY'S GOALS, THE RESOURCES, AND METHODS YOU WILL USE TO ACHIEVE THOSE GOALS, AND EVEN YOUR EXPECTED TIMELINES AND FINANCIAL PERFORMANCE.

MOST COMMON TYPES OF BUSINESS MODELS

OF COURSE, YOU DO NOT NEED TO INVENT AN ENTIRELY NEW BUSINESS MODEL TO START OR GROW YOUR BUSINESS. IN FACT, MOST BUSINESSES USE EXISTING BUSINESS MODELS AND REFINE THEM TO FIND A COMPETITIVE EDGE. THEN, THIS IS WHAT YOU NEED TO ACCOMPLISH. FOLLOW THE GUIDELINES PROVIDED TO DESIGN, MANAGE, AND TRANSFORM BUSINESS MODELS AND PATTERNS ALREADY PROPOSED, IN ORDER TO ADDRESS THE CHALLENGES OF ARTS, CULTURE AND CREATIVE INDUSTRIES.

IN THIS UNIT YOU WILL BE INTRODUCED INTO DIFFERENT TYPES OF BUSINESS MODELS. BUSINESS MODELS CAN BE CUSTOMIZED OR CHANGED BASED ON THE SPECIFIC NEEDS OF YOUR OWN BUSINESS.

1. SUBSCRIPTION MODEL

A SUBSCRIPTION BUSINESS MODEL CAN BE APPLIED TO BOTH TRADITIONAL BRICK-AND-MORTAR BUSINESSES AND ONLINE BUSINESSES ALIKE. IN THIS MODEL, THE CUSTOMER PAYS A RECURRING PAYMENT MONTHLY (OR ANOTHER SPECIFIED TIMEFRAME) FOR ACCESS TO A SERVICE OR PRODUCT. A COMPANY MAY DIRECTLY SHIP ITS PRODUCT IN THE MAIL, OR YOU MAY PAY A FEE TO USE AN APP.

EXAMPLE: NETFLIX.

2. BUNDLING MODEL

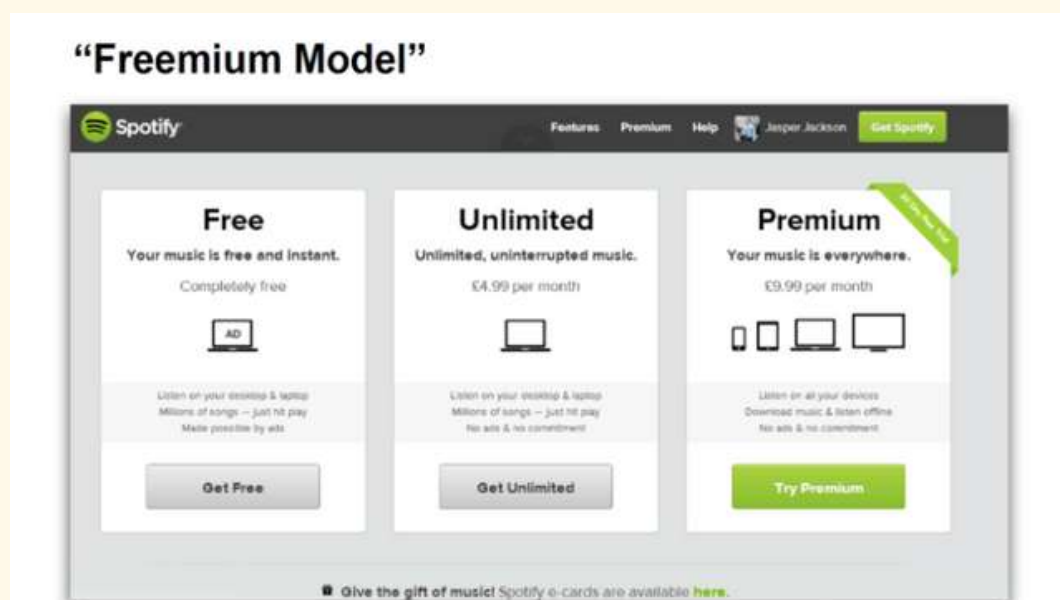
EXACTLY LIKE IT SOUNDS, THE BUNDLING BUSINESS MODEL INVOLVES COMPANIES SELLING TWO OR MORE PRODUCTS TOGETHER AS A SINGLE UNIT, OFTEN FOR A LOWER PRICE THAN THEY WOULD CHARGE SELLING THE PRODUCTS SEPARATELY. THIS TYPE OF BUSINESS MODEL ALLOWS COMPANIES TO GENERATE A GREATER VOLUME OF SALES AND PERHAPS MARKET PRODUCTS OR SERVICES THAT ARE MORE DIFFICULT TO SELL. HOWEVER, PROFIT MARGINS OFTEN SHRINK SINCE BUSINESSES SELL THE PRODUCTS FOR LESS.

EXAMPLES: ADOBE CREATIVE SUITE AND FAST-FOOD COMPANIES THAT OFFER VALUE MEALS OR DEALS.



3. FREEMIUM MODEL

THE FREEMIUM BUSINESS MODEL HAS GAINED POPULARITY WITH THE PREVALENCE OF ONLINE BUSINESSES. USUALLY, SOFTWARE COMPANIES HOST AND PROVIDE A PROPRIETARY TOOL FOR THEIR USERS TO FREELY ACCESS, SUCH AS AN APP OR TOOL SUITE. HOWEVER, THE COMPANY WITHHOLDS OR LIMITS THE USE OF CERTAIN KEY FEATURES THAT, OVER TIME, THEIR USERS WILL LIKELY WANT TO USE MORE REGULARLY. TO GAIN ACCESS TO THOSE KEY FEATURES, USERS MUST PAY FOR A SUBSCRIPTION. THUS, THE CUSTOMERS PAY NOTHING TO DOWNLOAD AN APP AND ARE OFFERED OPTIONAL IN-APP PURCHASES FOR PREMIUM FEATURES, ADDITIONAL CONTENT, SUBSCRIPTIONS, OR DIGITAL GOODS. FREEMIUM APPS ARE ACCESSIBLE TO ALL USERS, REGARDLESS OF WHETHER THEY CHOOSE TO SPEND, AND OFFER THE OPTION TO PAY TO ENHANCE OR CUSTOMIZE THE EXPERIENCE. YOU EARN REVENUE FROM THE SALES OF IN-APP PURCHASES WITHIN YOUR APP. SUCCESSFUL FREEMIUM APPS OPERATE AS SERVICES THAT ARE CONTINUALLY UPDATED TO ATTRACT AND RETAIN USERS. YOU CAN OFFER MULTIPLE TYPES OF IN-APP PURCHASES, INCLUDING SUBSCRIPTIONS. EXAMPLES: SPOTIFY, LINKEDIN, SKYPE, DROPBOX, GOOGLE DRIVE.

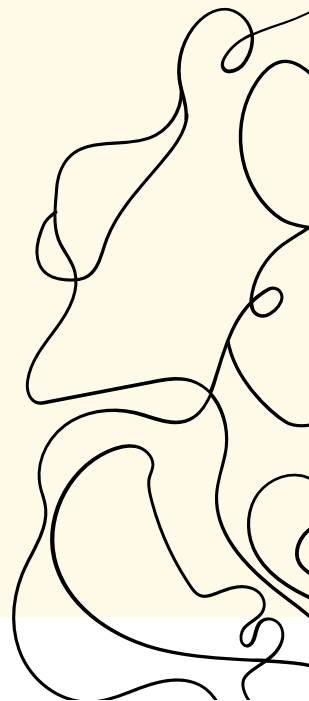


4. RAZOR BLADES MODEL (ALSO CALLED BAIT & HOOK MODEL)

THE RAZOR BLADE MODEL, ALSO CALLED BAIT & HOOK MODEL, WORKS IN THE WAY THAT THE BASIC PRODUCT IS SOLD AT A VERY CHEAP PRICE IN ORDER TO MAKE PROFIT BY SELLING COMPLEMENTARY PRODUCTS AND REFILLS FOR A HIGH PRICE OR SIMPLY INCREASE SALES OF THE PROFITABLE COMPLEMENTARY PRODUCT. THUS, THE BASIC PRODUCT (HOOK) IS OFFERED CHEAPLY OR FREE; THE COMPLEMENTARY PRODUCT OR REFILL (BAIT) IS SOLD EXPENSIVELY. THE BASIC PRODUCT CANNOT BE USED WITHOUT THE COMPLEMENTARY PRODUCT. ALTHOUGH THE PATTERN IS OFTEN CREDITED TO GILLETTE – THE INVENTOR OF DISPOSABLE RAZORS – THE BAIT AND HOOK IDEA WAS INTRODUCED BY ITS COMPETITORS. ADOPTING THIS BUSINESS MODEL MIGHT MAKE IT EASY TO ATTRACT CUSTOMERS WITH THE “BAIT” PRODUCT BECAUSE IT SEEMS TO THEM LIKE THEY ARE GETTING A BARGAIN. HOWEVER, IF THE BASIC PRODUCT IS VERY CHEAP, OR EVEN FREE, THE CUSTOMER MIGHT BE MORE LIKELY TO TRY SOMETHING NEW BECAUSE THE CHANGING COSTS ARE LOW (E.G., RAZOR).

EXAMPLES OF THE BAIT AND HOOK MODEL INCLUDE:

- P&G – GILLETTE: RAZOR AND BLADE
- INKJET PRINTER: PRINTER – INKJET CARTRIDGES
- NESTLÉ – NESPRESSO: COFFEE MACHINE – CAPSULES
- CELL PHONES: PHONE – AIRTIME



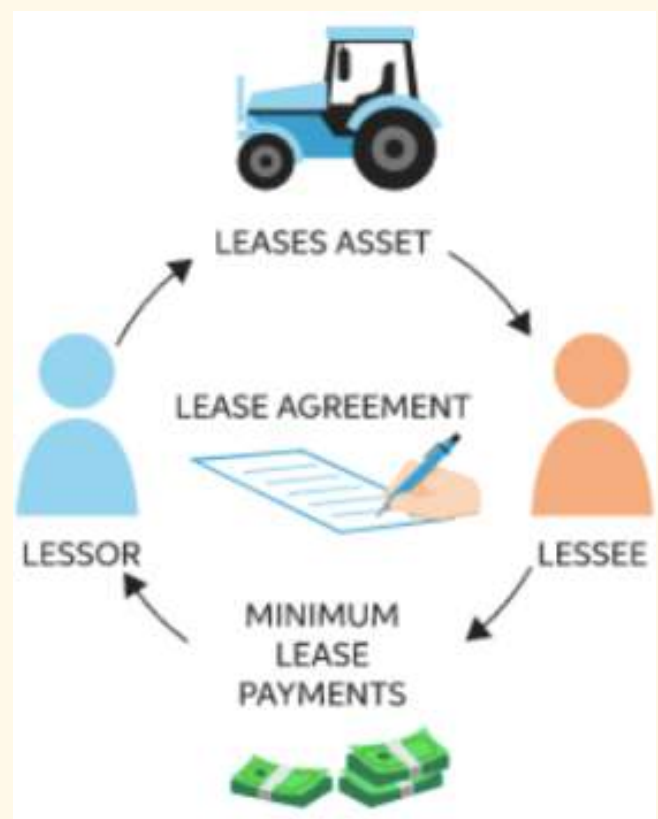
SUCCESS FACTORS FOR THE BAIT AND HOOK MODEL:

- **SUITABILITY:** IT IS CRUCIAL TO LOCK THE “BLADE” TO THE “RAZOR” AND MAKE IT ATTRACTIVE FOR THE CUSTOMER TO BUY THE RAZOR ITEM OR SERVICE FOR A PERIOD.
- **LOYALTY:** THE COMPANY EITHER NEEDS TO CREATE LOYALTY FOR THEIR BRAND OR PREVENT OTHER FIRMS FROM ENTERING THE MARKET.

6. LEASING MODEL

UNDER A LEASING BUSINESS MODEL, A COMPANY BUYS A PRODUCT FROM A SELLER. THAT COMPANY THEN ALLOWS ANOTHER COMPANY TO USE THE PRODUCT THEY PURCHASED FOR A PERIODIC FEE. LEASING ARRANGEMENTS OCCUR MOST FREQUENTLY IN TRANSACTIONS INVOLVING THE EXCHANGE OF COSTLY PHYSICAL GOODS. FOR INSTANCE, LEASING ARRANGEMENTS FOR CARS ARE COMMON.

EXAMPLES: HERTZ LEASE.



7. FRANCHISE MODEL

OF ALL THE DIFFERENT TYPES OF BUSINESS MODELS, THE FRANCHISE MODEL IS PERHAPS THE ONE THAT PEOPLE ARE MOST FAMILIAR WITH. WE EACH SEE AND LIKELY VISIT FRANCHISE BUSINESSES OFTEN IN OUR DAILY LIVES.

A FRANCHISE IS AN ESTABLISHED BUSINESS BLUEPRINT THAT IS SIMPLY PURCHASED AND REPRODUCED BY THE BUYER, THE FRANCHISEE. THE FRANCHISER, OR ORIGINAL OWNER, WORKS WITH THE FRANCHISEE TO HELP THEM WITH FINANCING, MARKETING, AND OTHER BUSINESS OPERATIONS TO ENSURE THE BUSINESS FUNCTIONS AS IT SHOULD. IN RETURN, THE FRANCHISEE PAYS THE FRANCHISER A PERCENTAGE OF THE PROFITS.

EXAMPLES: STARBUCKS, MCDONALD'S, COSTA COFFEE.



ORIGINS OF THE TERM BUSINESS MODEL

THE TERM BUSINESS MODEL BECAME POPULAR ONLY IN THE LATE 90S, WHICH MIGHT BE RELATED TO THE RAPID EROSION OF PRICES IN THE IT AND TELECOM INDUSTRY. THE FACT THAT PROCESSING, STORING, AND SHARING INFORMATION ACROSS BUSINESS UNITS BECAME CHEAPER BACK THEN, MANY NEW WAYS OF DOING BUSINESS BECAME POSSIBLE: VALUE CHAINS WERE BROKEN UP AND RECONFIGURED; INNOVATIVE INFORMATION-RICH OR -ENRICHED PRODUCTS AND SERVICES APPEARED; NEW DISTRIBUTION CHANNELS EMERGED; MORE CUSTOMERS WERE REACHED. ULTIMATELY THIS LED TO GLOBALIZATION, INCREASED COMPETITION, BUT ALSO LED TO MORE WAYS OF DOING BUSINESS. FOR MANAGERS AND EXECUTIVES THIS MEANS THAT THEY HAVE A WHOLE NEW RANGE OF WAYS TO DESIGN THEIR BUSINESSES, WHICH RESULTS IN INNOVATIVE AND COMPETING BUSINESS

MODELS IN THE SAME INDUSTRIES. IN ADDITION, INCREASED COMPETITION AND RAPID COPYING OF SUCCESSFUL BUSINESS MODELS FORCES ALL THE PLAYERS TO CONTINUOUSLY INNOVATE THEIR BUSINESS MODEL TO GAIN AND SUSTAIN A COMPETITIVE EDGE.

EXERCISE

THINK ABOUT THE TYPE OF THE BUSINESS MODEL THAT YOU BELIEVE IS THE MOST APPROPRIATE FOR YOUR OWN BUSINESS IDEA. WHAT IS THE TARGET MARKET? WHAT IS YOUR COMPETITIVE ADVANTAGE? DISCUSS WITH YOUR PEERS.

TIPS

YOUR BUSINESS MODEL SHOULD BE ABLE TO BE ARTICULATED IN ONE PAGE, AND ITS SUBSTANCE FOCUSSES ON:

- HOW YOU DO BUSINESS,
- HOW YOUR BUSINESS GENERATES REVENUE,
- WHAT VALUE YOUR BUSINESS OFFERS TO WHOM,
- WHO THE CUSTOMERS ARE,
- AND WHY YOUR CUSTOMERS WOULD KEEP COMING BACK TO YOU.

ALL THE ABOVE POINTS CAN HELP YOU UNDERSTAND HOW AND WHY YOUR BUSINESS WORKS, WHILST IT CAN HELP YOU TO DESIGN AND INNOVATE YOUR BUSINESS, AND THEN ITERATE HOW IT WORKS OVERTIME (BURKETT, 2013, P.5).



FURTHER READINGS

VISIT THE FOLLOWING LINK TO EXPLORE AN EASY-TO-READ BOOK BY OSTERWALDER AND PIGNEUR (2009), WHO ARE EXPERTS ON THE FIELD OF THE BUSINESS MODEL CREATION AND WHOSE DEFINITION ABOUT BUSINESS MODELS IS CONSIDERED TO BE ONE OF THE MOST ARTICULATE IN THE PERTINENT LITERATURE. THE BOOK CONTAINS SOME USEFUL GUIDELINES AND TIPS FOR SUCCESSFUL BUSINESS MODEL GENERATION:

[HTTPS://WWW.SPEEDYTEMPLATE.COM/FORMS/BUSINESS-MODEL-TEMPLATE-3.PDF](https://www.speedytemplate.com/forms/business-model-template-3.pdf)

SEE ALSO HERE, SOME USEFUL WEBSITES FOR ARTISTS, WITH VARIOUS TOOLS AND TIPS ABOUT YOUR BUSINESS AND CAREER, ALONG WITH INFORMATION THAT WILL HELP TO ENRICH YOUR KNOWLEDGE ABOUT BUSINESS MANAGEMENT:

ARTSY SHARK - THIS WEBSITE CONTAINS HUNDREDS OF ARTICLES ON THE BUSINESS OF ART. YOU CAN FIND HERE MARKETING AND SALES TIPS, INSPIRATION, OUT-OF-THE-BOX IDEAS AND OPPORTUNITIES TO GROW AS A CREATIVE ENTREPRENEUR.

ARTWORK ARCHIVE - THERE YOU CAN FIND AN ART-BLOG, FILLED WITH TIPS ON GROWING YOUR ART CAREER, AND FREE CALLS-FOR-ENTRY PAGE FEATURING OPPORTUNITIES WORLDWIDE.

ARTMAZE MAG - ART MAZE MAGAZINE IS AN INDEPENDENT ARTIST-RUN AND AD-FREE INTERNATIONAL PRINT AND ONLINE PUBLICATION DEDICATED TO SHOWCASING AND PROMOTING EXPERIMENTAL AND PROGRESSIVE CONTEMPORARY ART, WHICH REFLECTS MODERN SOCIETY AND ITS ENVIRONMENT, PROVOKES CONVERSATION AND ACTION. THERE YOU CAN ALSO FIND DIFFERENT USEFUL INTERVIEWS.

CREATIVE FOUNDERS - THERE YOU CAN FIND A LOT OF TIPS ON HOW TO DEVELOP YOUR ART BUSINESS ONLINE, ART MARKETING GUIDES AND MORE.

CREATIVE BOOM - WITH A FOCUS ON ART, ADVERTISING, FILM, GRAPHIC DESIGN, ILLUSTRATION, AND PHOTOGRAPHY THIS WEBSITE SHARES RESOURCES SUCH AS THE LATEST TOOLS AND BOOKS. ALSO, THERE YOU CAN FIND INTERVIEWS WITH THE BRIGHTEST AND BEST CREATIVES AND INVALUABLE TIPS AND INSIGHT TO HELP YOU AT EVERY STAGE OF YOUR CREATIVE CAREER.

CREATE! MAGAZINE - IT IS A PUBLICATION FOR ARTISTS, MAKERS, AND CREATIVE ENTREPRENEURS. ITS MISSION IS TO PROMOTE FRESH, UNIQUE WORK OF CREATIVES FROM AROUND THE WORLD. EACH ISSUE IS FILLED WITH VIBRANT CONTEMPORARY ART, CRAFT, DESIGN, AND INSPIRING STORIES OF THE MAKERS BEHIND IT.

TO FURTHER EXPLORE THE VARIOUS TYPES OF BUSINESS MODELS APPLIED IN THE ARTS, CULTURE, AND CREATIVE INDUSTRY, VISIT THE FOLLOWING LINK: CREATIVE BUSINESS MODEL TOOLKIT

BROWSE THROUGHOUT THE RESPECTIVE CONTENT TO FIND USEFUL EXAMPLES THAT WILL HELP YOU APPLY BUSINESS MODEL PATTERNS EFFECTIVELY. YOU CAN MOVE DIRECTLY TO:

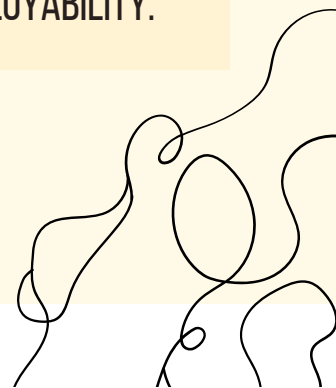
- **PAGE 42** : TO REACH AN EXAMPLE OF A GOODS-BASED GENERIC BUSINESS MODEL FOR A “**CRAFT AND DESIGN COMPANY**”.
- **PAGE 44**: TO REACH AN EXAMPLE OF A DIGITAL CONTENT-BASED GENERIC BUSINESS MODEL FOR A “**GAMES PUBLISHER AND DEVELOPER**”.
- **PAGE 46**: TO REACH AN EXAMPLE OF ARTS GENERIC BUSINESS MODEL FOR AN “**INDEPENDENT THEATRE PRODUCTION**”.

ALSO, VISIT BELOW ANOTHER LINK TO EXPLORE AN EASY-TO-READ BOOK BY OSTERWALDER AND PIGNEUR (2009), WHO ARE EXPERTS ON THE FIELD OF THE BUSINESS MODEL CREATION AND WHOSE DEFINITION ABOUT BUSINESS MODELS IS CONSIDERED TO BE ONE OF THE MOST ARTICULATE IN THE PERTINENT LITERATURE. THE BOOK CONTAINS SOME USEFUL GUIDELINES AND TIPS FOR SUCCESSFUL BUSINESS MODEL GENERATION: [BUSINESS MODEL GENERATION](#)

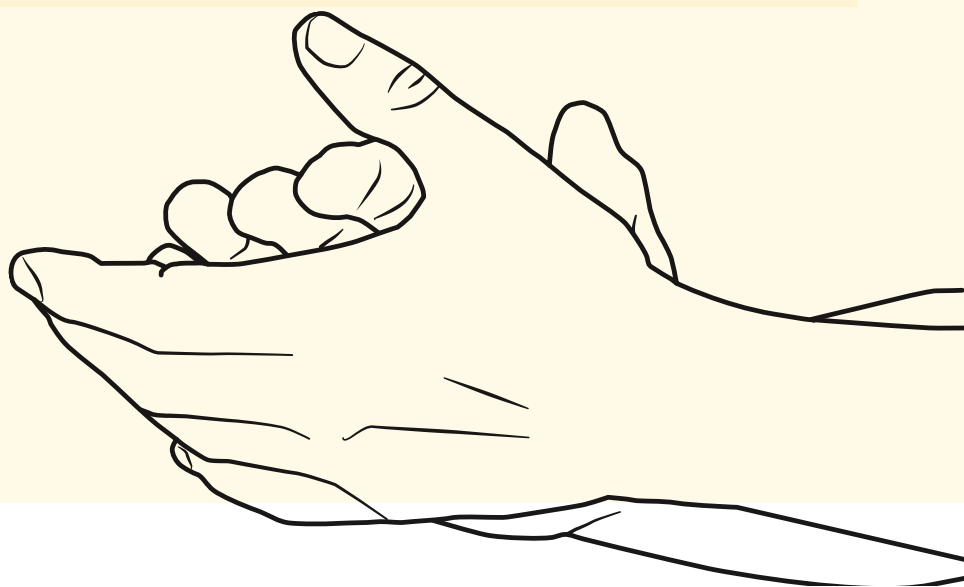
AT THE FOLLOWING LINK, YOU MAY FIND THREE MORE INTERESTING AND USEFUL EXAMPLES TO FURTHER ENRICH YOUR KNOWLEDGE IN THE FIELD AND LEARN MORE ABOUT THE NEW BUSINESS MODELS APPLIED IN THE ARTS, CULTURE AND CREATIVE INDUSTRY: [AN INTRODUCTION TO BUSINESS MODELS \(INNOVATION\) FOR ARTS AND CULTURAL ORGANISATIONS](#)

SPECIFICALLY, YOU CAN MOVE DIRECTLY TO:

- **PAGE 37:** THE CASE STUDY OF **PROMOCULTURA**, AN ITALIAN COOPERATIVE COMPANY PROVIDING HIGH-QUALITY CULTURAL SERVICES, SUCH AS THE MANAGEMENT OF LIBRARIES, AND THE PROMOTION AND ENHANCEMENT OF CULTURAL AND ARTISTIC HERITAGE.
- **PAGE 39:** THE CASE STUDY OF **ASSOCIAZIONE CULTURALE KHORAKHANÈ**, A CULTURAL ASSOCIATION ALSO IN ITALY THAT PROMOTES CULTURE IN SEVERAL FORMS, SUCH AS MUSIC, DESIGN, THEATRE, RESPECT FOR THE ENVIRONMENT, YOUTH EMPLOYABILITY.



- **PAGE 40:** THE CASE STUDY OF **TRANSIT**, AN ART INCUBATOR IN SWEDEN, SUPPORTING AND WORKING WITH PROFESSIONAL ARTISTS IN FILM, MUSIC, CONTEMPORARY THEATER AND DANCE, DESIGN AND VISUAL ARTS. IT ACTS AS THE INCUBATOR FOR FREELANCE ACCPS, WHO ARE OFFERED OFFICE SPACE, EVENTS SUCH AS WORKSHOPS/SEMINARS AND COACHING. TRANSIT HAS DEVELOPED A BUSINESS GROWING METHOD CALLED ORGANIC PROCESS METHOD, WHICH FOCUSES ON THE ECONOMICALLY SUSTAINABLE ARTISTIC MANAGEMENT.
- **PAGE 41:** THE CASE STUDY OF **HET**, A THEATER COMPANY IN BELGIUM. SUBSIDIES FROM THE GOVERNMENT WERE MINIMAL AND NOT SUFFICIENT TO COVER ITS BASIC COSTS, SO THE COMPANY STARTED TO ENGAGE MORE PEOPLE FROM ITS COMMUNITY (E.G., POLITICIANS, ACADEMICS AND STUDENTS, BUSINESS LEADERS, ETC.) TO GAIN MORE FINANCIAL “POWER”.
- **PAGE 42:** THE CASE STUDY OF **SHAREMUSIC & PERFORMING ARTS**, AN INTERNATIONAL ARTS ORGANIZATION IN SWEDEN, WORKING WITH ARTIST DEVELOPMENT AND PIONEERING THE PERFORMING ARTS. ITS WORK IS RIGHTS-BASED AND FOLLOWS THE UN CONVENTION ON THE RIGHTS OF PERSONS WITH DISABILITIES, WHILE IT IS ALSO CLEARLY TIED TO THE GLOBAL AGENDA 2030 AS REGARDS INCLUSION, PARTICIPATION, AND SUSTAINABLE DEVELOPMENT.



UNIT 2 – THE VALUE PROPOSITION

A VALUE PROPOSITION IS A PROMISE OF VALUE. THAT VALUE IS SUPPOSED TO BE DELIVERED AND ACKNOWLEDGED. A VALUE PROPOSITION REFERS TO THE VALUE A COMPANY PROMISES TO DELIVER TO CUSTOMERS SHOULD THEY CHOOSE TO BUY THEIR PRODUCT. IT REQUIRES A BELIEF FROM THE CUSTOMER. THE CUSTOMER MUST EXPECT THE VALUE PROPOSITION WILL BE DELIVERED/EXPERIENCED. A VALUE PROPOSITION IS PART OF A COMPANY'S OVERALL MARKETING STRATEGY. THE VALUE PROPOSITION PROVIDES A DECLARATION OF INTENT OR A STATEMENT THAT INTRODUCES A COMPANY'S BRAND TO CONSUMERS BY TELLING THEM WHAT THE COMPANY STANDS FOR, HOW IT OPERATES, AND WHY IT DESERVES THEIR BUSINESS. IT CAN BE PRESENTED AS A BUSINESS OR MARKETING STATEMENT THAT A COMPANY USES TO SUMMARIZE WHY A CONSUMER SHOULD BUY A PRODUCT OR USE A SERVICE. THIS STATEMENT, IF WORDED COMPELLINGLY, CONVINCES A POTENTIAL CONSUMER THAT THE PRODUCT(S) OR SERVICE(S) THE COMPANY OFFERS WILL ADD MORE VALUE OR BETTER SOLVE A PROBLEM FOR THEM THAN OTHER SIMILAR OFFERINGS WILL.

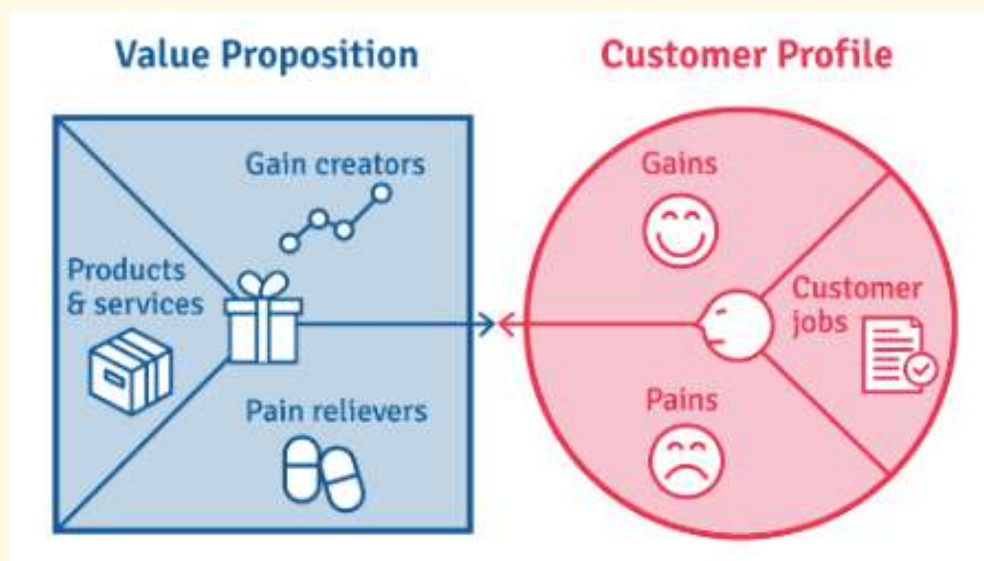


FIG. 1. VALUE PROPOSITION. SOURCE: WHAT IS THE VALUE PROPOSITION CANVAS? - B2B INTERNATIONAL

OVERALL, VALUE PROPOSITION DECLARES WHAT DIFFERENTIATES YOUR BUSINESS FROM OTHER COMPETITORS, HOW YOU SATISFY WHAT YOUR CUSTOMERS WANT, FEAR, NEED, DESIRE.

IN ORDER TO THINK ABOUT THE VALUE PROPOSITION, YOU MUST FIRST CONSIDER THE FOLLOWING ASPECTS:

- IDENTIFY ALL THE BENEFITS YOUR PRODUCT/SERVICES OFFER.
- DESCRIBE WHAT MAKES THESE BENEFITS VALUABLE.
- IDENTIFY YOUR CUSTOMER'S MAIN PROBLEMS AND NEEDS.
- CONNECT THIS VALUE TO YOUR BUYER'S PROBLEMS AND NEEDS.
- DIFFERENTIATE YOURSELF AS THE PREFERRED PROVIDER OF THIS VALUE.

THE ROLE OF VALUE PROPOSITION

HAVING AN EASILY COMMUNICATED AND RECOGNISABLE VALUE PROPOSITION IS INCREASINGLY IMPORTANT IN TODAY'S WORLD WHERE PEOPLE ARE BOMBARDED WITH AN OVERLOAD OF INFORMATION FROM A VARIETY OF MEDIA SOURCES AND WHERE THERE ARE NUMEROUS COMPETITORS FOR A COMPANY'S BUSINESS. SUCCESSFUL FIRMS CRAFT THEIR UNIQUE VALUE PROPOSITION PRIOR TO ENTERING THE MARKETPLACE AND THEY DESIGN THEIR BUSINESS OPERATIONS IN ACCORDANCE WITH THEIR VALUE PROPOSITION.



KEY ELEMENTS OF VALUE PROPOSITION INCLUDE:

- NEWNESS
- PERFORMANCE
- CUSTOMIZATION
- DESIGN
- BRAND/ STATUS
- PRICE
- COST REDUCTION
- RISK REDUCTION
- ACCESSIBILITY
- CONVENIENCE/ USABILITY



BENEFITS OF VALUE PROPOSITION

BY OFFERING A GOOD VALUE PROPOSITION, COMPANIES CAN:

- PROVIDE THEIR CUSTOMERS WITH SOMETHING UNIQUE, THEREFORE CREATING DIFFERENTIATION AND INCREASING COMPETITIVE ADVANTAGE.
- INCREASE THE QUALITY OF THEIR PRODUCTS OR SERVICES.
- GAIN MARKET SHARE.
- IMPROVE OPERATIONAL EFFICIENCY.

VALUE PROPOSITION CANVAS

THE VALUE PROPOSITION SHOULD TAKE INTO CONSIDERATION THE FOLLOWING ASPECTS RELATED TO:

- THE PRODUCT (BENEFITS, EXPERIENCES, FEATURES)
- THE CUSTOMER (WANTS, NEEDS, FEARS)

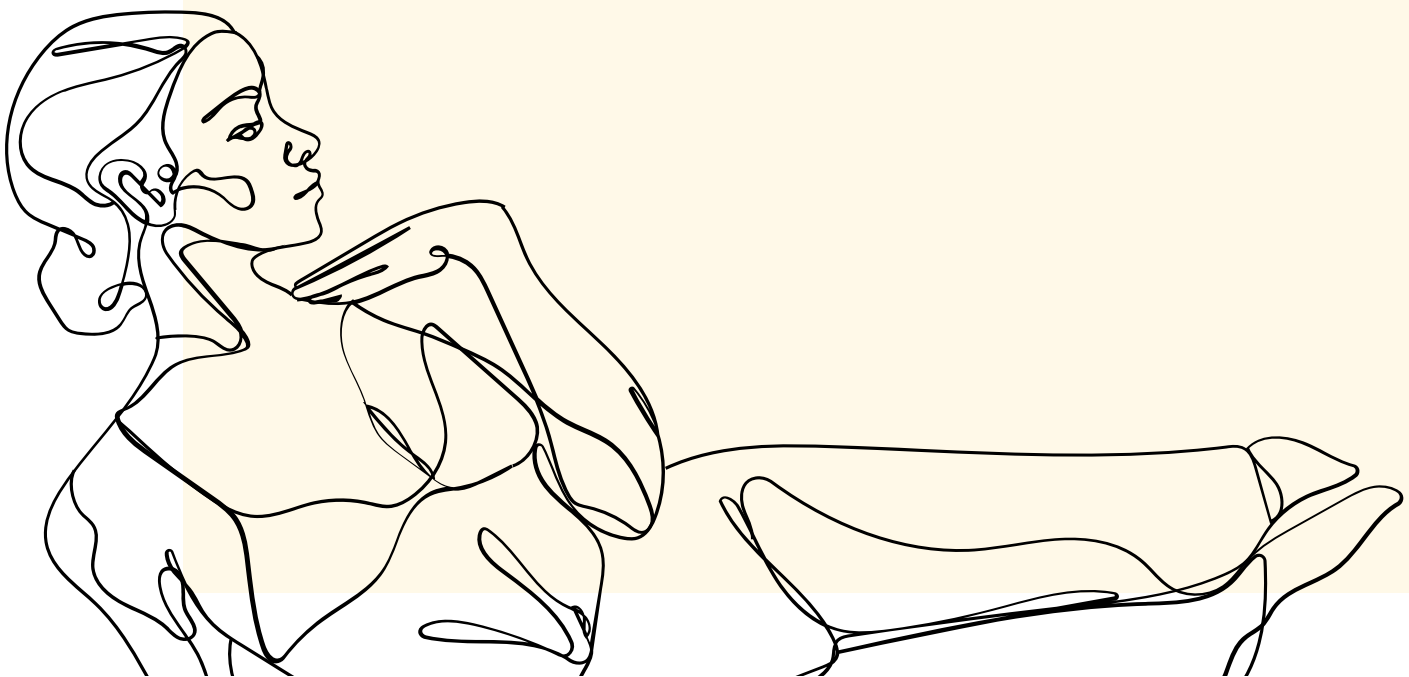
TO PROPOSE VALUE PROPOSITION OF HIGH QUALITY, IT IS NECESSARY TO RESPOND TO THE FOLLOWING QUESTIONS:

- WHAT CUSTOMERS? WHAT END-USERS? WHAT CHANNELS?
- WHICH NEEDS? WHICH PRODUCTS? WHICH FEATURES? WHICH SERVICES?
- WHAT RELATIVE PRICE?

FINDING A UNIQUE PROPOSITION USUALLY INVOLVES A NEW WAY OF SEGMENTING THE MARKET. A NOVEL VALUE PROPOSITION OFTEN EXPANDS THE MARKET ITSELF!



FIG. 2. VALUE PROPOSITION CANVAS.





NIKE'S VALUE PROPOSITION INCLUDES:

- ACCESSIBILITY
- INNOVATION
- BRAND/STATUS



NETFLIX'S VALUE PROPOSITION INCLUDES:

- CONVENIENCE
- RANGE OF SELECTIONS
- COMPETITIVE PRICING



EXAMPLE

BELOW YOU CAN SEE THE VALUE PROPOSITION CANVAS OF A COMPANY OFFERING A MOBILE APP.

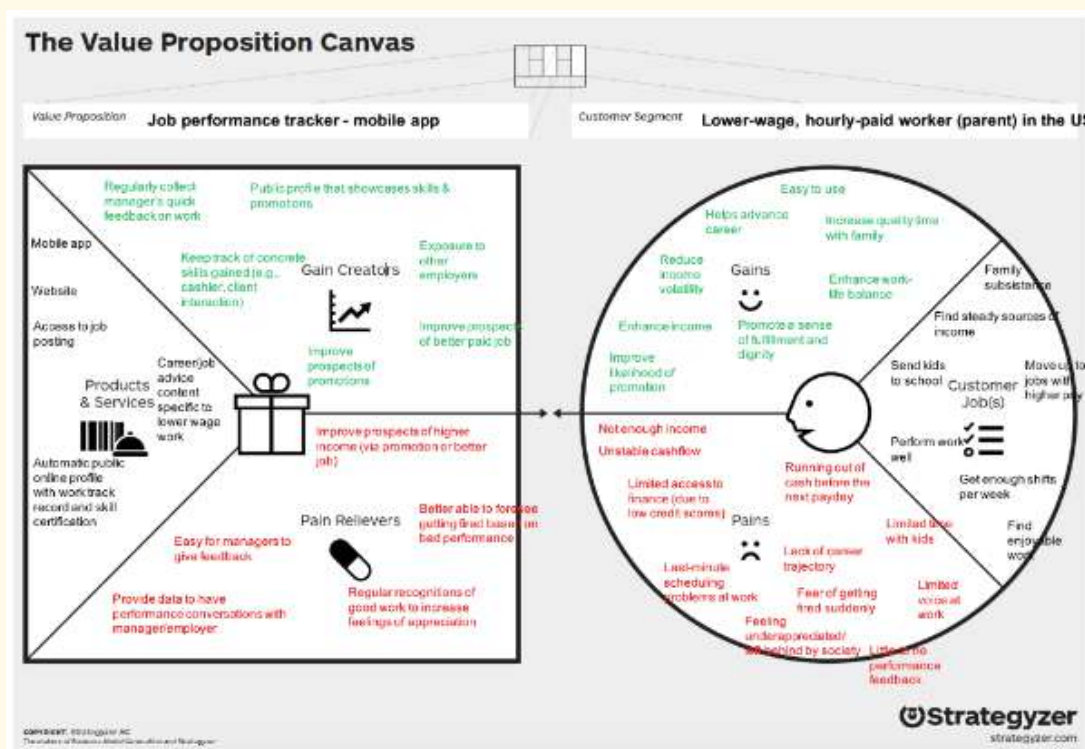


FIG. 3. VALUE PROPOSITION CANVAS, AN EXAMPLE.

EXAMPLE

BELOW YOU CAN SEE THE VALUE PROPOSITION CANVAS EXAMPLE FROM THE ARTS AND CULTURAL SECTOR, WEARABLE ART CLOTHING. THIS EXAMPLE FROM THE FASHION INDUSTRY IS ALSO LINKED TO CIRCULAR ECONOMY. A CIRCULAR FASHION INDUSTRY IS DEFINED AS 'A REGENERATIVE SYSTEM IN WHICH GARMENTS ARE CIRCULATED FOR AS LONG AS THEIR MAXIMUM VALUE IS RETAINED, AND THEN RETURNED SAFELY TO THE BIOSPHERE WHEN THEY ARE NO LONGER OF USE. IN A CIRCULAR MODEL, PRODUCTS ARE DESIGNED AND DEVELOPED WITH THE NEXT USE IN MIND.' (SOURCE: [HTTPS://MOTIF.ORG/NEWS/CIRCULAR-FASHION-ECONOMY/](https://motif.org/news/circular-fashion-economy/))

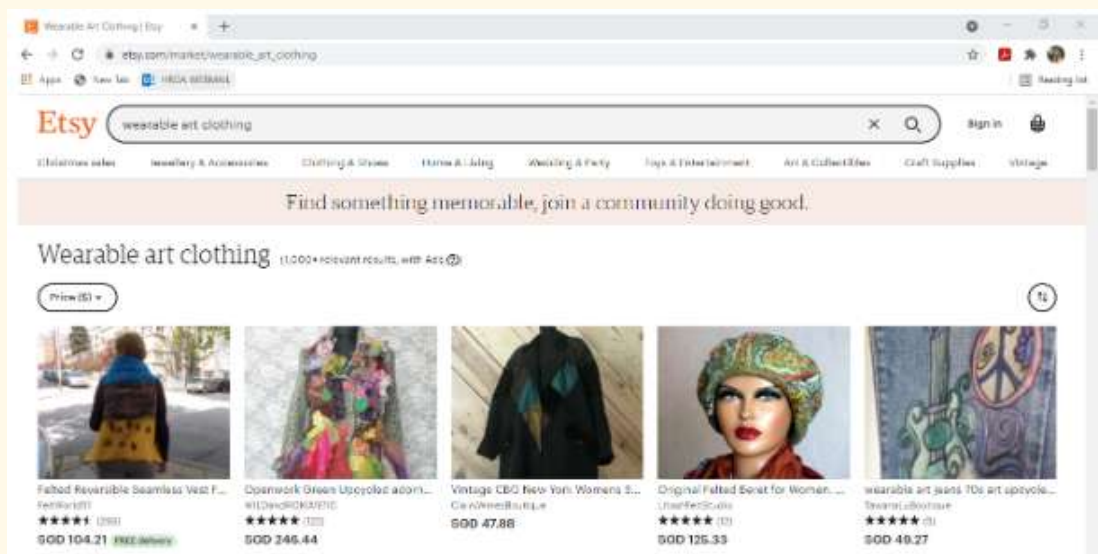
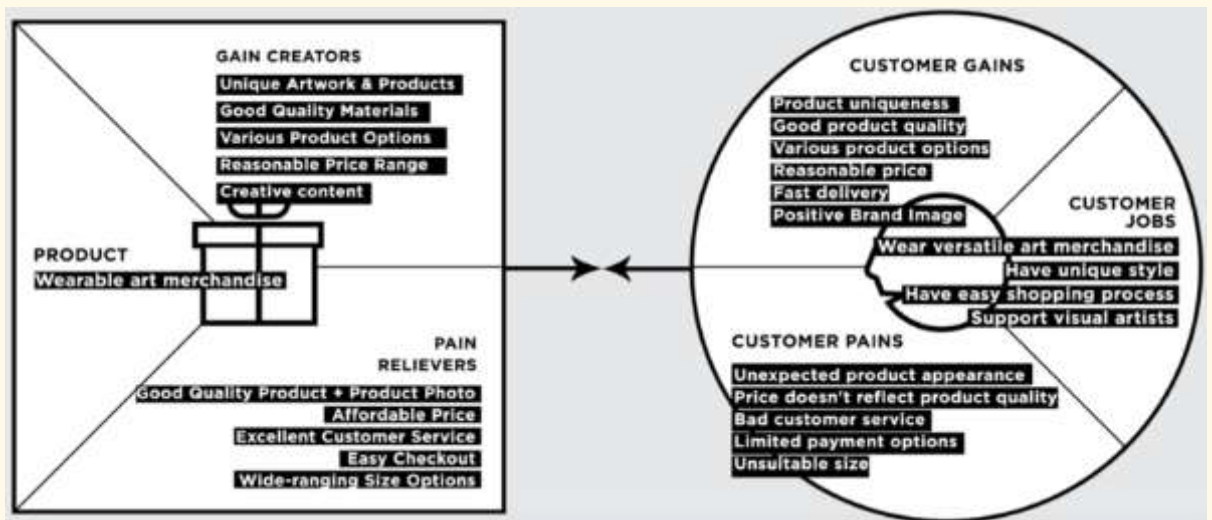


FIG. 4. VALUE PROPOSITION CANVAS OF A WEARABLE ART CLOTHING COMPANY

EXERCISE

- DOWNLOAD THE TEMPLATE FOR VALUE PROPOSITION CANVAS FROM ONE OF THE FOLLOWING SITES:

[DESIGNABETTERBUSINESS.TOOLS | VALUE PROPOSITION CANVAS](https://designabetterbusiness.tools/value-proposition-canvas)

[VALUE PROPOSITION CANVAS TEMPLATE - PETER J THOMSON](https://peterjthomson.com/value-proposition-canvas-template)

[VALUE PROPOSITION CANVAS – DOWNLOAD THE OFFICIAL TEMPLATE \(STRATEGYZER.COM\)](https://strategyzer.com/value-proposition-canvas-template)

- WHILE DOING THIS EXERCISE, YOU MUST ANSWER AT LEAST THESE FOUR QUESTIONS:
 - WHO IS YOUR CUSTOMER?
 - WHAT PROBLEM ARE YOU SOLVING FOR THE CUSTOMER?
 - WHAT IS YOUR SOLUTION?
 - HOW IS YOUR SOLUTION DIFFERENT FROM THE EXISTING ONES?
 - WHAT IS YOUR VALUE PROPOSITION?

VIDEO : VALUE PROPOSITION CANVAS EXPLAINED

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=REM1UQMVFP0&T=24S](https://www.youtube.com/watch?v=REM1UQMVFP0&t=24s)

READ MORE ABOUT HOW TO WRITE YOUR OWN VALUE PROPOSITION:

[HTTPS://WWW.HELPSCOUT.COM/BLOG/VALUE-PROPOSITION-EXAMPLES/](https://www.helpscout.com/blog/value-proposition-examples/)



UNIT 3 – BUSINESS MODEL CANVAS

THE BUSINESS MODEL CANVAS (BMC) IS A STRATEGIC MANAGEMENT TEMPLATE USED FOR DEVELOPING NEW BUSINESS MODELS AND DOCUMENTING EXISTING ONES (BARQUET, ET AL., 2011; DE REUVER, ET AL., 2013).

A BUSINESS MODEL CANVAS (BMS) IS TO STRATEGIC PLAN WHAT AN EXCEL SPREADSHEET IS TO FINANCIAL PLANNING.

BMC OFFERS A VISUAL CHART WITH ELEMENTS DESCRIBING A COMPANY'S OR PRODUCT'S VALUE PROPOSITION, INFRASTRUCTURE, CUSTOMERS, AND FINANCES, ASSISTING BUSINESSES TO ALIGN THEIR ACTIVITIES BY ILLUSTRATING POTENTIAL TRADE-OFFS (CHECK FIGURES 5 AND 6 BELOW).

THE NINE “BUILDING BLOCKS” OF THE BUSINESS MODEL DESIGN TEMPLATE THAT CAME TO BE CALLED THE BUSINESS MODEL CANVAS WERE INITIALLY PROPOSED IN 2005 BY ALEXANDER OSTERWALDER, BASED ON HIS EARLIER WORK ON BUSINESS MODEL ONTOLOGY. IT WAS CREATED IN ITS FINAL FORM BY ALEXANDER OSTERWALDER AND YVES PIGNEUR. SINCE THE RELEASE OF OSTERWALDER'S WORK AROUND 2008 NEW CANVASES FOR SPECIFIC NICHES HAVE APPEARED.



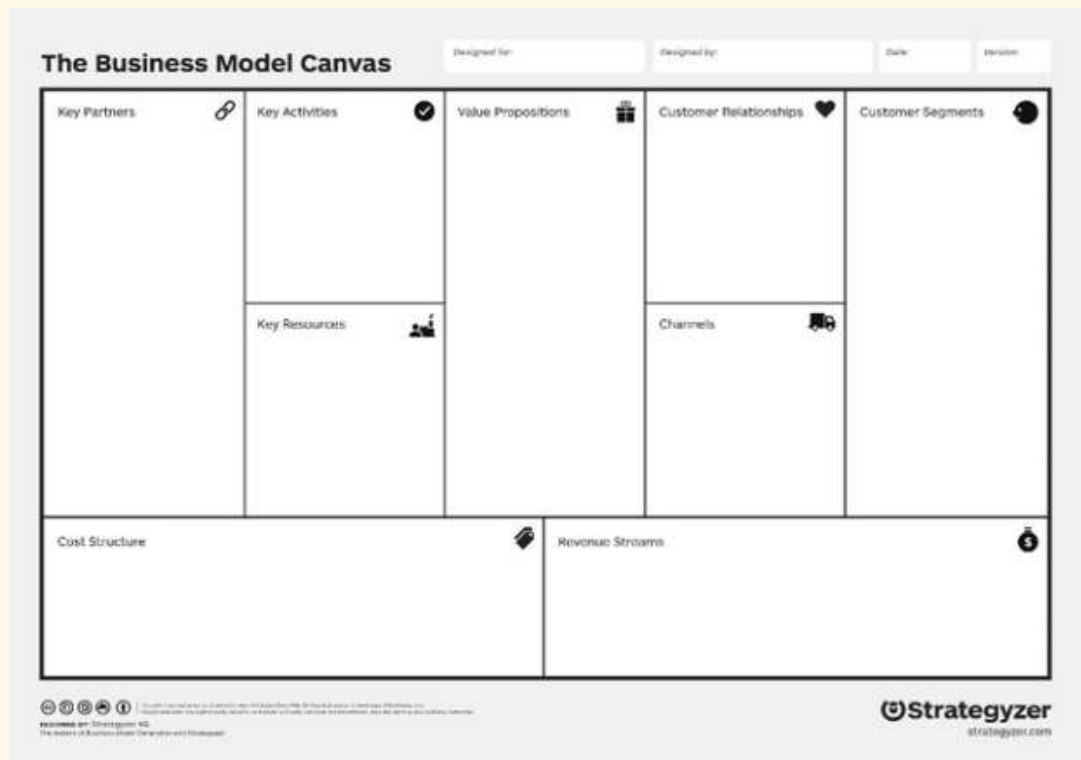


FIG. 5. THE BUSINESS MODEL CANVAS (BMC).

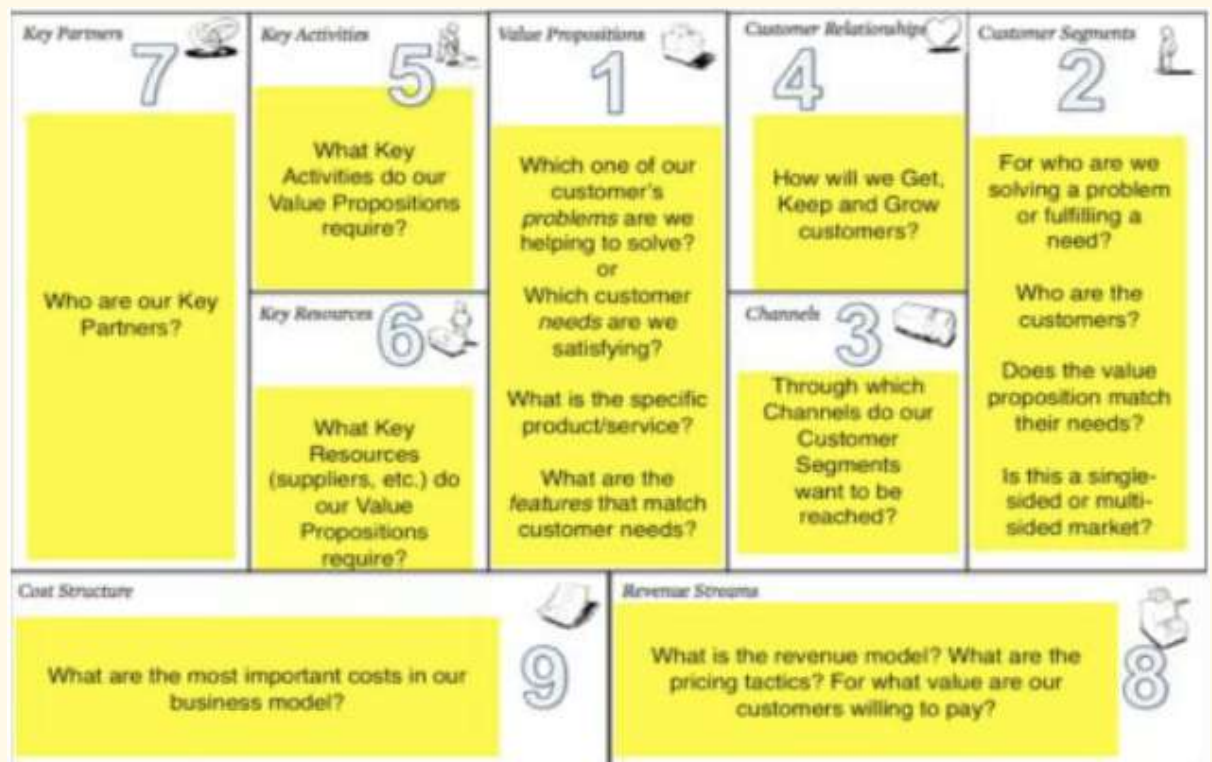


FIG. 6. THE BMC COMPONENTS EXPLAINED

VALUE PROPOSITION

THE VALUE PROPOSITION (SEE ALSO LEARNING UNIT 2) IS LOCATED IN THE CENTRE OF THE BUSINESS MODEL CANVAS. CHECK FIGURE 7 TO SEE HOW THE BMC IS RELATED TO THE VALUE PROPOSITION CANVAS.

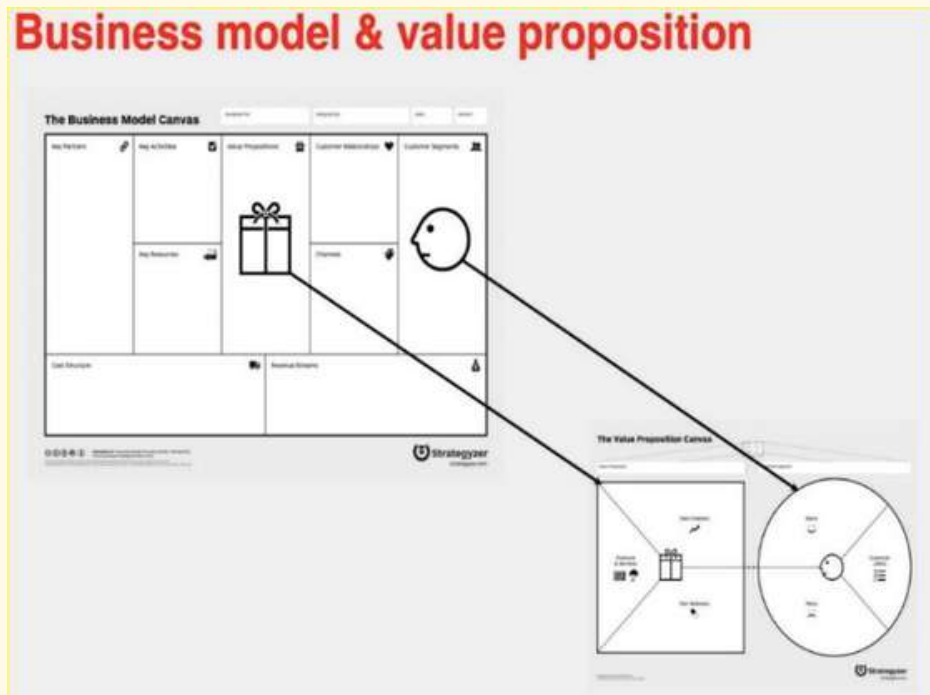


FIG. 7. HOW VALUE PROPOSITION CANVAS CONNECTS TO BUSINESS MODEL CANVAS

CUSTOMER SEGMENTS

CUSTOMER SEGMENTS ARE LOCATED ON THE TOP RIGHT-HAND SIDE OF THE BUSINESS MODEL CANVAS. CUSTOMERS ARE AN ESSENTIAL PART OF ANY BUSINESS, AS WITHOUT THEM THERE IS NO WAY THAT A BUSINESS CAN SURVIVE FOR LONG. BUSINESSES AIM TO THRIVE AND TO SURVIVE. EITHER WAY, IT IS CRUCIAL TO UNDERSTAND HOW YOUR ORGANIZATION CAN SERVE AND SATISFY ITS CLIENTS.



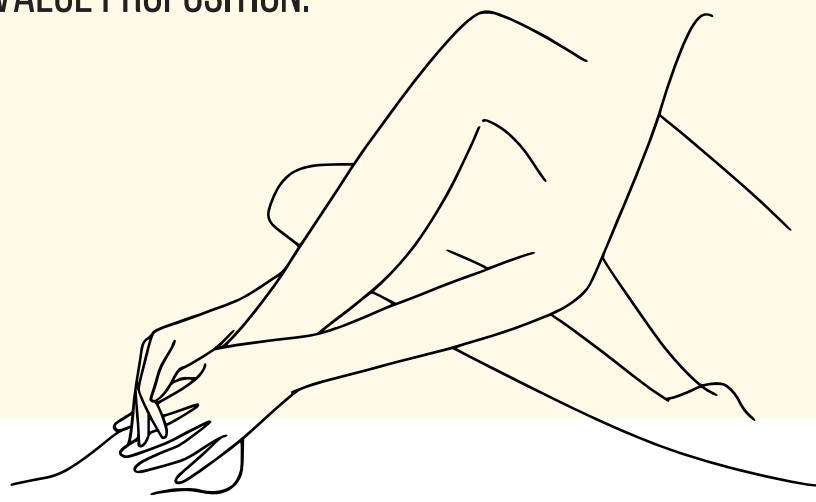
ANY ORGANIZATION/COMPANY SERVES AT LEAST ONE TYPE OF CLIENT OR CUSTOMER SEGMENT. TO BEST RESPOND TO CUSTOMERS' NEEDS, IT IS FUNDAMENTAL TO IDENTIFY THEM:

- FOR WHOM ARE THE PRODUCTS OR SERVICES THAT YOUR OWN BUSINESS PROVIDES?
- WHOSE PROBLEM IS YOUR COMPANY AIMING TO SOLVE?
- ARE THERE ANY "MOST IMPORTANT" CLIENTS?
- WHO ARE THEY?

ONLY FOLLOWING A CORRECT IDENTIFICATION OF THE CUSTOMER SEGMENT CAN A BUSINESS RESPOND TO THE QUESTION:

TO WHO ARE YOU GOING TO PRESENT AND SERVE YOUR VALUE PROPOSITION?

A CORRECT CUSTOMER SEGMENTATION IS IMPORTANT, BECAUSE IF A MISTAKE IS MADE, AND YOU WRONGLY IDENTIFY YOUR BUSINESS CLIENTS OR POTENTIAL CLIENTS, YOU MAY BE GATHERING INFORMATION FROM THE WRONG SOURCE, LEADING TO ERRONEOUS CONCLUSIONS. AFTER YOU IDENTIFY THE WHO, YOU CAN ASK HOW YOUR PRODUCT IS GOING TO PROVIDE GAIN FOR THE CLIENT, OR HOW WILL IT REDUCE THEIR 'PAIN' (INCONVENIENCE). YOU CAN ALSO ASK WHEN AND WHERE, TO OBTAIN MORE INSIGHT ON HOW TO INCREASE AND DELIVER YOUR VALUE PROPOSITION.



CHANNELS

THE INFORMATION RELATED TO CHANNELS FITS INTO THE RIGHT-HAND SIDE OF THE BUSINESS MODEL CANVAS UNDER CUSTOMER RELATIONSHIPS. THE CHANNELS BLOCK ON THE BUSINESS MODEL CANVAS DEFINES HOW AN ORGANIZATION COMMUNICATES WITH AND PROVIDES VALUE TO EACH OF ITS CUSTOMER SEGMENTS. AN ORGANIZATION LIAISES WITH ITS CUSTOMERS THROUGH THESE CHANNELS, WHICH PLAY A KEY ROLE IN DEFINING CUSTOMER EXPERIENCE AND WHICH INFLUENCE POST-PURCHASE BEHAVIOUR. CHANNELS MAY BE CATEGORIZED AS MARKETING (INCLUDING PROMOTION), SALES, DISTRIBUTION, AND CUSTOMER SUPPORT. ORGANIZATIONS USE A VARIETY OF CHANNELS AND STRATEGIES TO ATTRACT AND RETAIN CUSTOMERS. WHEN USING THE BUSINESS MODEL CANVAS, IT IS ADVISABLE TO LIST SEPARATE CHANNELS RELATED TO EACH CUSTOMER SEGMENT.

TIP: IF POST-ITS ARE USED, IT MAY BE A GOOD IDEA TO USE DIFFERENT COLOURED POST-ITS FOR EACH CUSTOMER SEGMENT.

WHAT ARE THE KEY FUNCTIONS OF CHANNELS?

- CHANNELS ACT AS A MEDIUM TO SHOWCASE AND PROVIDE INFORMATION TO CUSTOMERS AND POTENTIAL CUSTOMERS ABOUT THE PRODUCTS AND SERVICES WHICH AN ORGANIZATION PROVIDES (MARKETING/PROMOTION).
- ENABLE EXISTING AND POTENTIAL CUSTOMERS TO EVALUATE THE ORGANIZATION'S VALUE PROPOSITION. THIS ALLOWS FOR THE COMMUNICATION OF BENEFITS AND POTENTIAL ADVANTAGES OF THE PRODUCTS OR SERVICES ON OFFER (MARKETING).

- PROVIDE THE FACILITY FOR CUSTOMERS TO PURCHASE, RENT OR SUBSCRIBE TO THE PRODUCTS OF SERVICES (SALES).
- ENABLE EFFECTIVE MEANS OF DELIVERING THE PRODUCT OR SERVICE TO THE CUSTOMER (DISTRIBUTION).
- PROVIDE CUSTOMER SUPPORT AND AFTER SALES SERVICES

THERE ARE FIVE DISTINCT CHANNEL PHASES FOR COMMUNICATING WITH CUSTOMER SEGMENTS. A CHANNEL MAY COVER MORE THAN ONE OF THESE PHASES (SEE FIGURE 8).



FIG. 8. CHANNEL PHASES

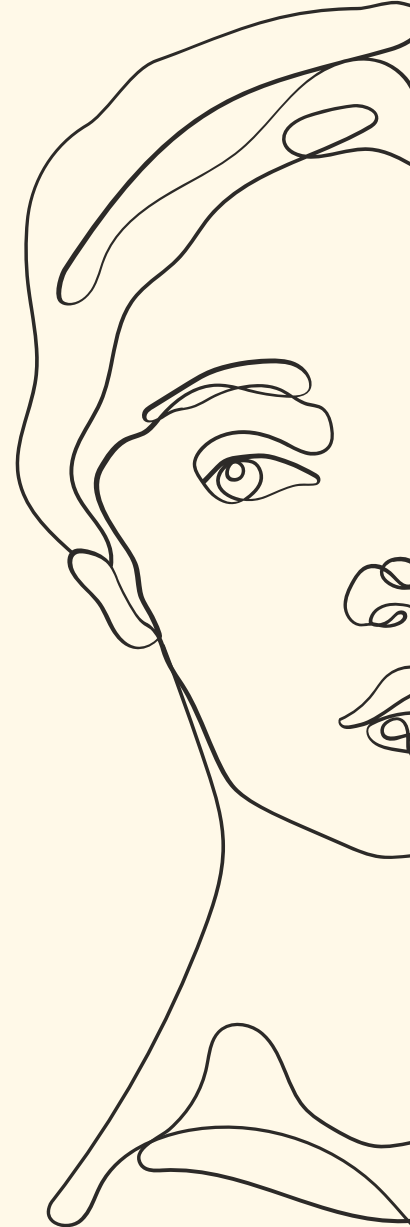
CHANNELS FACILITATE THE RETENTION OF CUSTOMER RELATIONSHIPS, THROUGH ESTABLISHING OPTIMAL METHODS OF COMMUNICATING AN ORGANIZATION'S VALUE PROPOSITION TO CUSTOMERS. THEY PROVIDE COST-EFFECTIVE SOLUTIONS THAT GENERATE REVENUE AND THAT BEST MEET (AND POSSIBLY EXCEED) CUSTOMER EXPECTATIONS.

SOME EXAMPLES OF SUCH CHANNELS:

- DIRECT ONLINE SALE.
- ONLINE RETAILER (E.G., AMAZON, EBAY ETC.)
- TRADITIONAL RETAILERS (OWN OR EXTERNAL BRICK-AND-MORTAR STORES)
- SOCIAL MEDIA PLATFORMS
- TV / RADIO / NEWSPAPERS
- PHONE SALES / CUSTOMER SUPPORT
- INTERNET DIRECT
- CATALOGUE DIRECT
- SALES TEAM
- VALUE-ADDED RESELLER
- CONSULTANT
- RETAIL SALES AGENT
- MANUFACTURER'S REPRESENTATIVE
- WHOLESALERS
- TRADE FAIRS
- EMAIL
- POSTAL SERVICE

CUSTOMER RELATIONSHIPS

CUSTOMER RELATIONSHIPS MAY VARY SIGNIFICANTLY, RANGING FROM ONE-OFF TRANSACTIONAL RELATIONSHIPS WITH CUSTOMERS, TO DEEPER LONG-TERM RELATIONSHIPS BUILT ON TRUST, CUSTOMER LOYALTY AND BRAND VALUE. IT IS NOT AN OBVIOUS CHOICE FOR AN ORGANIZATION TO FORGET TO



DEVELOP CUSTOMER RELATIONSHIPS, HOWEVER, THIS STRATEGY (OF NOT CONSIDERING A CUSTOMER RELATIONSHIP) MAY WORK IN A LIMITED SET OF CIRCUMSTANCES. AT THE OTHER END OF THE SPECTRUM, MANY ORGANIZATIONS STRIVE TO ESTABLISH LONG-TERM RELATIONSHIPS WITH THEIR CUSTOMERS - NOT ONLY THROUGH THEIR PRODUCTS OR SERVICES, BUT ALSO BY MEANS OF AN IDENTIFICATION WITH THEIR ENVIRONMENTAL POLICIES, LIFE PHILOSOPHIES, OR SOCIAL STATUS. MANY BRANDS ARE NOT ONLY TRYING TO SELL PRODUCTS OR SERVICES, BUT TO INSTIL POSITIVE EMOTIONS IN THEIR CUSTOMERS.

THUS, IT IS IMPORTANT TO DEFINE WHAT KIND OF RELATIONSHIP AN ORGANIZATION WOULD LIKE TO ESTABLISH AND MAINTAIN WITH EACH CUSTOMER SEGMENT.

THESE RELATIONSHIPS MAY VARY, RANGING FROM AUTOMATED RELATIONSHIPS TO PERSONAL RELATIONSHIPS. GOALS SUCH AS THE ONES LISTED BELOW SHOULD BE TAKEN INTO CONSIDERATION WHEN DEVELOPING CUSTOMER RELATIONSHIP STRATEGIES:

- GAINING NEW CLIENTS
- RETAINING CLIENTS
- INCREASING THE CLIENT'S PURCHASES / INCREASING PROFIT.



IN ADDITION, IN THE START-UP PHASE OF BUSINESSES, IT IS COMMON FOR SOME ORGANIZATIONS TO FOCUS ON AN AGGRESSIVE CUSTOMER ACQUISITION STRATEGY. THIS IS DONE WITH THE INTENTION OF ACQUIRING INCREASED MARKET SHARE. TO ACQUIRE CUSTOMERS, ORGANIZATIONS MAY OFFER DISCOUNTS, EQUIPMENT OR EVEN THEIR SERVICES FOR FREE. ONCE AN ORGANIZATION IS WELL-POSITIONED WITHIN ITS RESPECTIVE MARKET, THE ORGANIZATION MAY DECIDE TO CHANGE ITS PRIORITIES IN ORDER TO FOCUS ON CUSTOMER RETENTION AND PROFITABILITY.

REVENUE STREAMS

THE INFORMATION RELATED TO REVENUE STREAMS FITS INTO THE BOTTOM RIGHT-HAND CORNER OF THE BUSINESS MODEL CANVAS.

REVENUE STREAMS REPRESENT THE VARIOUS SOURCES FROM WHICH A BUSINESS EARNS MONEY THROUGH THE PROVISION OF GOODS OR SERVICES. THE TYPES OF REVENUE THAT AN ORGANIZATION TAKES INTO CONSIDERATION DEPENDS ON THE TYPES OF ACTIVITIES CONDUCTED. KEY ELEMENTS TO TAKE INTO CONSIDERATION INCLUDE:

- THE NATURE OF THE PRODUCT OR SERVICE AND THE BUSINESS MODEL (INCLUDING THE VALUE PROPOSITION AND THE COST STRUCTURE) WHICH INFLUENCE HOW THE PRODUCT IS PRICED.
- THE PRICING STRATEGIES WHICH INCLUDE ECONOMY, PENETRATION, SKIMMING AND PREMIUM.

A REVENUE STREAM GENERALLY COMPRISES EITHER RECURRING REVENUE, TRANSACTION-BASED REVENUE, PROJECT REVENUE, OR SERVICE REVENUE. IN GOVERNMENT, THE TERM 'REVENUE STREAM' OFTEN REFERS TO DIFFERENT TYPES OF TAXES.

REVENUE MODELS, REVENUE STREAMS, AND BUSINESS MODELS

A REVENUE STREAM IS EASILY CONFUSED WITH A REVENUE MODEL WHICH, IN TURN, IS OFTEN CONFUSED WITH A BUSINESS MODEL.

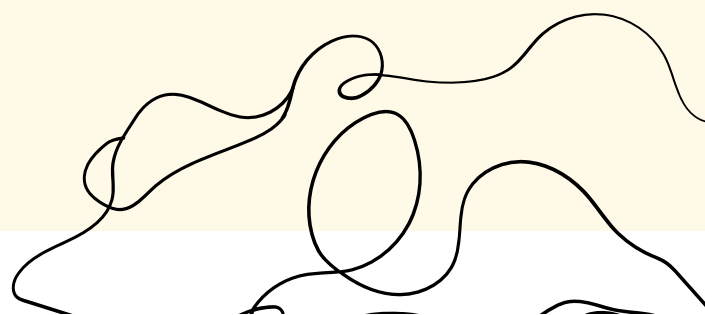
DEFINITION OF A REVENUE STREAM: A REVENUE STREAM IS A DISTINCT SOURCE OF INCOME THAT COMES ABOUT FROM EITHER RECURRING REVENUE, TRANSACTION-BASED OR SERVICE REVENUE. A BUSINESS CAN HAVE A SINGLE SOURCE OF REVENUE OR MULTIPLE SOURCES, DEPENDING ON ITS BUSINESS MODEL.

DEFINITION OF A REVENUE MODEL: A REVENUE MODEL IS A FRAMEWORK FOR GENERATING REVENUE. IT COMPRISES THE STRATEGY FOR HOW A BUSINESS GENERATES INCOME FROM EITHER SINGLE OR MULTIPLE REVENUE STREAMS. AS A STRATEGY, IT INVOLVES CONSIDERATION OF WHAT VALUE TO OFFER, HOW TO PRICE THE VALUE, AND WHO PAYS FOR THE VALUE.

TYPES OF REVENUE STREAMS: 1. TRANSACTION-BASED REVENUES: CUSTOMERS MAKE A ONE-TIME PAYMENT FOR A PRODUCT OR SERVICE. 2. RECURRING REVENUES: CONTINUOUS PAYMENTS FOR THE DELIVERY OF PRODUCTS OR SERVICES (E.G., SUBSCRIPTIONS, LEASES, RENTALS, ETC.).

KEY RESOURCES

THE INFORMATION RELATED TO KEY RESOURCES FITS INTO THE LEFT-HAND SIDE OF THE BUSINESS MODEL CANVAS.



TYPES OF REVENUE: 1. OPERATING REVENUE: THE AMOUNT EARNED FROM THE ORGANIZATION'S CORE BUSINESS OPERATIONS, E.G., SALE OF GOODS OR SERVICES; 2. NON-OPERATING REVENUE: THE AMOUNT EARNED FROM THE ORGANIZATION'S OTHER ACTIVITIES, THIS MAY INCLUDE DIVIDEND REVENUE AND INTEREST REVENUE.

A **RESOURCE** IS AN ECONOMIC OR PRODUCTIVE FACTOR REQUIRED TO ACCOMPLISH AN ACTIVITY, OR AS MEANS TO UNDERTAKE AN ENTERPRISE AND ACHIEVE A DESIRED OUTCOME. THREE MOST BASIC RESOURCES ARE LAND, LABOUR, AND CAPITAL. OTHER RESOURCES INCLUDE ENERGY, ENTREPRENEURSHIP, INFORMATION, EXPERTISE, MANAGEMENT, AND TIME.

KEY RESOURCES ARE THE MAIN INPUTS THAT YOUR COMPANY USES TO CREATE ITS VALUE PROPOSITION, SERVICE ITS CUSTOMER SEGMENT AND DELIVER THE PRODUCT TO THE CUSTOMER. THESE ARE THE MOST IMPORTANT THINGS YOU NEED TO HAVE FOR YOUR BUSINESS MODEL TO WORK. THESE ARE THE MAIN ASSETS THAT YOUR COMPANY REQUIRES TO CREATE THE END PRODUCT, AND THESE ARE USUALLY DIFFERENTIATED FROM THE KEY RESOURCES BEING UTILIZED BY YOUR COMPETITORS. KEY RESOURCES DEAL WITH THE OPERATIONAL END OF THE BUSINESS SPECTRUM AND DEFINE WHAT KIND OF MATERIALS YOU NEED, WHAT KIND OF EQUIPMENT IS REQUIRED AND THE TYPES OF PEOPLE YOU NEED TO EMPLOY. THIS ASPECT PLAYS A DIRECT ROLE IN BRINGING YOUR VALUE PROPOSITION TO LIFE FOR YOUR CHOSEN CUSTOMER SEGMENT AND IT DEFINES THE MINIMUM YOU NEED TO HAVE TO DELIVER TO YOUR CUSTOMERS. IN THE BUSINESS MODEL CANVAS, WE ONLY INCLUDE THOSE RESOURCES THAT MAKE YOU UNIQUE COMPARED TO YOUR COMPETITORS IN THE MARKET.

KEY ACTIVITIES

THE INFORMATION RELATED TO KEY ACTIVITIES FITS INTO THE LEFT-HAND SIDE OF THE BUSINESS MODEL CANVAS, ABOVE THE KEY RESOURCES.

IN THE BUSINESS MODEL CANVAS (BMC), THE KEY ACTIVITIES A COMPANY PERFORMS CAN BE EXPRESSED IN THE AREAS: OPERATIONS, MARKETING, PRODUCTION, PROBLEM SOLVING, NETWORKS, FINANCIAL (OR ADMINISTRATION). THOSE ARE BRIEFLY EXPLAINED BELOW.

BMC TEMPLATE AND KEY ACTIVITIES DESCRIPTION

- OPERATIONS: THE INTERNAL WORKING PROCESS OF THE COMPANY.
- MARKETING: PROMOTIONS, CAMPAIGNS, ADVERTISEMENTS, CHANNELS TO PROMOTE THE VALUE PROPOSITION.
- PRODUCTION: LINKED TO THE MAIN OPERATIONS TO PRODUCE THE VALUE PROPOSITION, E.G., DESIGNING, MANUFACTURING.
- PROBLEM SOLVING: STUDY METRICS, TRAINING FOR IMPROVEMENTS.
- NETWORKS: WHERE THE COMPANY MIGHT REINFORCE A CLOSER CONTACT WITH CUSTOMERS, E.G., USE OF ICT AND SOCIAL MEDIA.
- FINANCIAL: MERCHANT ACCOUNTS, E-COMMERCE STORES

KEY ACTIVITIES AND SUBCATEGORIES

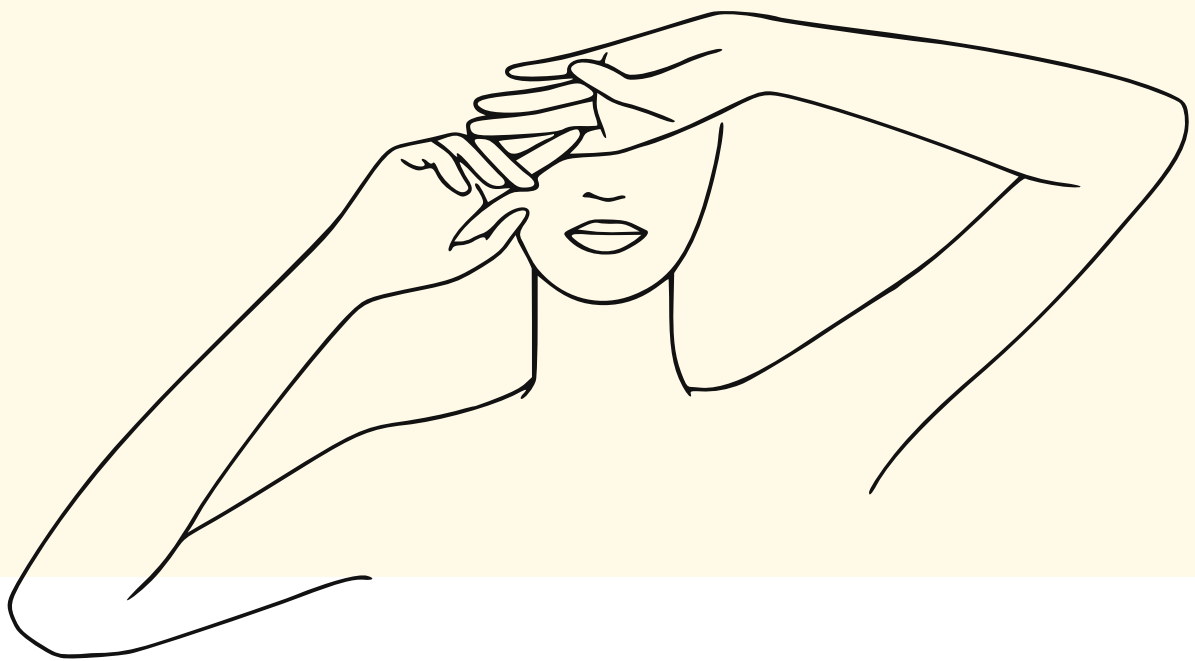
THESE AREAS ARE VERY IMPORTANT AS THEY ENSURE THE GROWTH OF THE COMPANY. IT IS THEREFORE NECESSARY TO MAKE SURE THEY ARE RUNNING AND ARE DIFFUSED ACROSS THE ORGANIZATION. DEPENDING ON THE ACTIVITY OF A COMPANY, CERTAIN ACTIVITIES PREVAIL OVER OTHERS, E.G., FINANCIAL COMPANIES WILL BE MORE INVOLVED IN PROBLEM-SOLVING ACTIVITIES RATHER THAN PRODUCTION. KEY ACTIVITIES CAN BE THEREFORE DIVIDED INTO 4 SUBCATEGORIES:

- CORE ACTIVITIES: PRIMARILY RELATED TO THE GENERATION OF THE OUTPUT.
- SUPPORT ACTIVITIES: ARE RELATED TO THE OUTPUT PRODUCTION (E.G., RECORD-KEEPING).

- COORDINATION ACTIVITIES: ENSURE THE ALIGNMENT IN THE DEGREE OF INTEGRATION BETWEEN CORE AND SUPPORT ACTIVITIES (E.G., ACCOUNT MANAGEMENT).
- STRATEGIC ACTIVITIES: ASSESS THE ALIGNMENT AND NEED FOR CHANGES, ARE RELATED TO THE OUTSIDE ENVIRONMENT (E.G., DISTRIBUTION CHANNELS, CUSTOMER RELATIONSHIP ETC.)



FIG. 9. KEY ACTIVITIES



EXAMPLE – CAFÉ

IF YOUR NEW BUSINESS WILL BE A CAFETERIA, YOU HAVE TO MAKE SURE YOU ARE DEVELOPING THE NECESSARY KEY ACTIVITIES. THESE INCLUDE:

- THE CREATION OF THE MENU
- THE PROMOTION OF YOUR NEW CAFETERIA, THE DESIGN OF YOUR ADVERTISEMENTS AND PROMOTION PRODUCTS
- OBSERVATION OF CLIENT-SATISFACTION
- THE RETENTION OF REGULAR CLIENTS, (IN THE CASE WHERE YOU ALREADY HAVE TRUSTED CUSTOMERS)
- A MEASURE OF USER SATISFACTION.

KEY PARTNERS

THE INFORMATION RELATED TO KEY PARTNERS FITS INTO THE LEFT-HAND SIDE OF THE BUSINESS MODEL CANVAS.

BUILDING STRATEGIC PARTNERSHIPS – THE ROLE OF COMMUNICATION

A BUSINESS PARTNERSHIP ENTAILS AN ALLIANCE STIPULATED BY TWO PARTIES, GENERALLY JOINED TOGETHER BY MEANS OF A CONTRACT OR AN AGREEMENT. IN SOME CASES, AGREEMENTS ARE LOOSE RELATIONSHIPS WHERE PARTIES ARE QUITE INDEPENDENT OF EACH OTHER, WHILE OTHER AGREEMENTS ARE MORE EXCLUSIVE, AND DICTATE A SET OF SPECIFIC OBLIGATIONS WHICH PARTNERS ARE SUBJECT TO ADHERE TO. THE KEY FACTOR FOR CHOOSING THE MOST SUITABLE PARTNER IS COMMUNICATION. PARTNERS SHOULD COORDINATE THEMSELVES AND WORK IN THE SAME WAY. A PARTNER SHOULD COMPLEMENT YOUR SKILLS AND BE A TRUSTFUL PERSON, UNDERESTIMATING HOW YOU RELATE TO AND GET ALONG WITH YOUR PARTNER IS A TERRIBLE MISTAKE.

KEY ELEMENTS IN PARTNERSHIP

THERE ARE SOME MAIN ELEMENTS TO CONSIDER WHEN SETTING UP PARTNERSHIPS:

- **CLEAR PARTNERSHIP AGREEMENTS:** IT IS IMPORTANT TO SET CLEAR PARTNERSHIP AGREEMENTS FOR THE PARTIES INVOLVED. THE ACTIVITIES AND ROLES OF PARTNERS SHOULD BE REGULATED.
- **SET EXPECTATIONS:** WHEN DEFINING AN AGREEMENT, ENTREPRENEURS SHOULD MAKE SURE TO SHARE THEIR OWN EXPECTATIONS FREELY AND OPENLY, THIS WILL HELP AVOID CONFUSION AND COMPLAINTS LATER ON.
- **WIN-WIN SITUATION:** PARTNERSHIPS ARE HEALTHY AND SUSTAINABLE ONLY IF THERE IS VISIBLE GAIN FOR BOTH PARTIES, THEREFORE, WHEN FORMING A PARTNERSHIP, YOU HAVE TO MAKE SURE THAT YOUR PARTNER'S KEY RESOURCES AND ACTIVITIES FILL YOUR GAPS.
- **SELECTING PARTNERSHIPS:** SOME PARTNERSHIPS MAY SEEM LUCRATIVE IN THEORY BUT FAIL TO GET OFF THE GROUND PRACTICALLY. IN ADDITION, CHANGES IN THE BUSINESS CONTEXT MAY ALSO MAKE SOME BUSINESS PARTNERSHIPS IRRELEVANT. IN SUCH CASES, IT IS IMPORTANT TO END THESE PARTNERSHIPS QUICKLY TO AVOID FURTHER WASTAGE OF RESOURCES.



BENEFITS OF PARTNERSHIP

THERE ARE MANY REASONS FOR SETTING KEY PARTNERSHIPS. COMPANIES CAN:

- OPTIMIZE THEIR OWN RESOURCE UTILIZATION,
- FILL GAPS IN THEIR OWN ACTIVITIES,
- CREATE NEW PRODUCTS,
- MITIGATE THE DEGREE OF RISK TAKEN BY SETTING ALLIANCES WITH STRONG PARTNERS BEFORE TAKING THE ACTION,
- SHARE THE SAME DISTRIBUTION CHANNELS.

IT IS IMPORTANT TO CONSIDER THAT YOUR ORGANIZATION COULD PARTNER WITH A SET OF PARTNERS, HOWEVER, NOT ALL PARTNER RELATIONSHIPS ARE PIVOTAL FOR YOUR ACTIVITY. BEAR IN MIND THAT PARTNERSHIPS CHANGE ACROSS THE WHOLE LIFECYCLE OF COMPANIES. SOME TYPES OF PARTNERSHIPS MAY BE NECESSARY DURING THE FIRST YEAR OF ACTIVITY OF A START-UP, BUT THEY MAY CHANGE WITHIN THE FIRST THREE YEARS.

KEY QUESTIONS FOR AN EFFECTIVE PARTNERSHIP

WHEN SETTING UP / ASSESSING A PARTNERSHIP IN A COMPANY/ ENTERPRISE, THE FOLLOWING QUESTIONS MAY BE HELPFUL:

- WHAT PARTNERSHIPS MAY BE STRATEGIC TO MY BUSINESS?
- WHO ARE OUR CRITICAL SUPPLIERS?
- WHICH OF OUR SUPPLIERS AND PARTNERS ARE SOURCING OUR KEY RESOURCES?
- WHAT TYPE OF PARTNERSHIPS WOULD BEST SUIT OUR NEEDS?
- WHAT IS THE BEST CLUSTER/ SUPPLY CHAIN WHERE I SHOULD BE LOCATED?

EXAMPLES OF PARTNERSHIPS: STRATEGIC ALLIANCES

THE AGREEMENT BETWEEN STARBUCKS AND BARNES & NOBLE IS ONE EXAMPLE OF A STRATEGIC ALLIANCE: STARBUCKS BREW THE COFFEE, BARNES & NOBLE SUPPLY THE BOOKS. THE TWO COMPANIES SHARE THE COSTS OF SPACE TO THE BENEFIT OF BOTH OF THEM.

COST STRUCTURE

CATEGORIES OF COST STRUCTURE

THERE ARE TWO MAIN CATEGORIES OF THE COST STRUCTURE:

- VALUE-DRIVEN COST STRUCTURES, WHICH FOCUS ON CREATING MORE VALUE IN THE PRODUCT ITSELF, NOT NECESSARILY PRODUCING IT AT THE LOWEST POSSIBLE COST. EXAMPLES INCLUDE LUXURY FASHION BRANDS, JEWELLERY BRANDS OR LUXURY HOTELS.
- COST-BASED COST STRUCTURES, WHICH FOCUS ON MINIMISING THE COST OF A PRODUCT OR SERVICE AS MUCH AS POSSIBLE. EXAMPLES INCLUDE LOW-COST AIRLINES OR WIDELY AVAILABLE FURNITURE STORES THAT ALLOW YOU TO ASSEMBLE FURNITURE AT HOME.



COSTS IN THE COMPANY – DIVISION

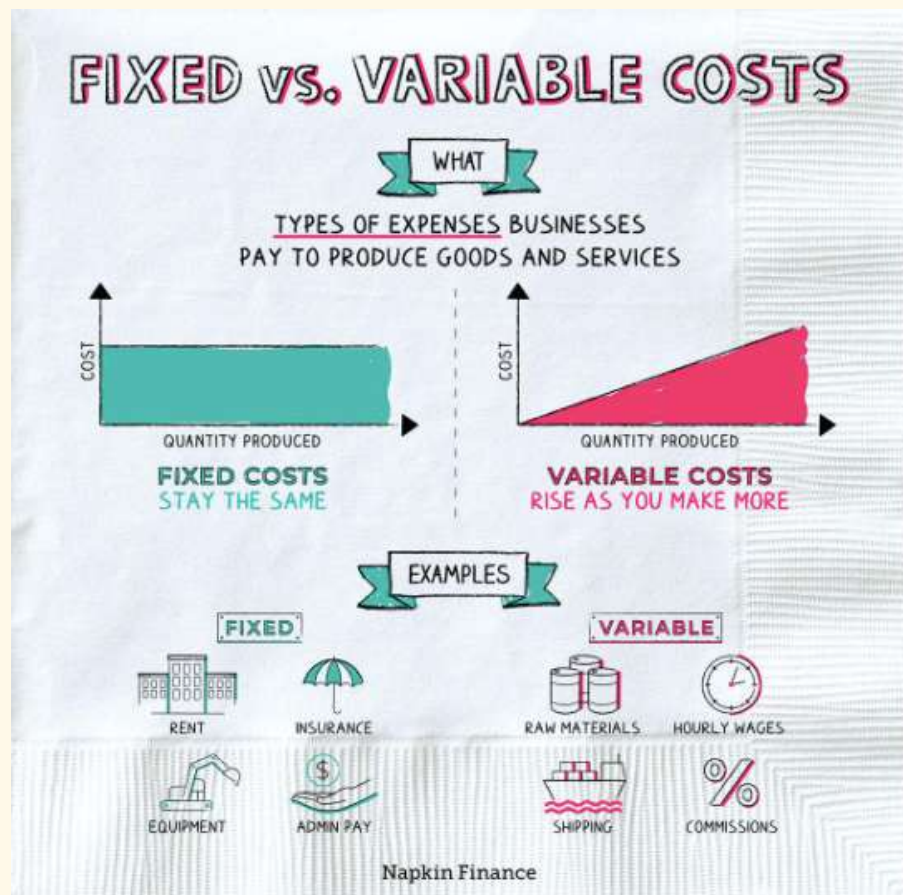


FIG. 10. FIXED VS VARIABLE COSTS. SOURCE: WHAT IS FIXED COST VS. VARIABLE COST? - NAPKIN FINANCE

IN PRACTICE, MANY CLASSIFICATIONS AND COST ALLOCATION CRITERIA ARE USED. DUE TO THE MANNER OF REACTION OF COSTS TO CHANGES IN PRODUCTION VOLUME, COSTS CAN BE DIVIDED INTO:

- FIXED COSTS (FC)
- VARIABLE COSTS (VR)

TOGETHER, THEY REPRESENT THE TOTAL COSTS (TC) INCURRED BY THE ENTERPRISE/COMPANY. INFORMATION ON VARIABLE AND FIXED COSTS IS USED FOR SHORT-TERM DECISION MAKING AND VARIABLE COST ACCOUNTING.

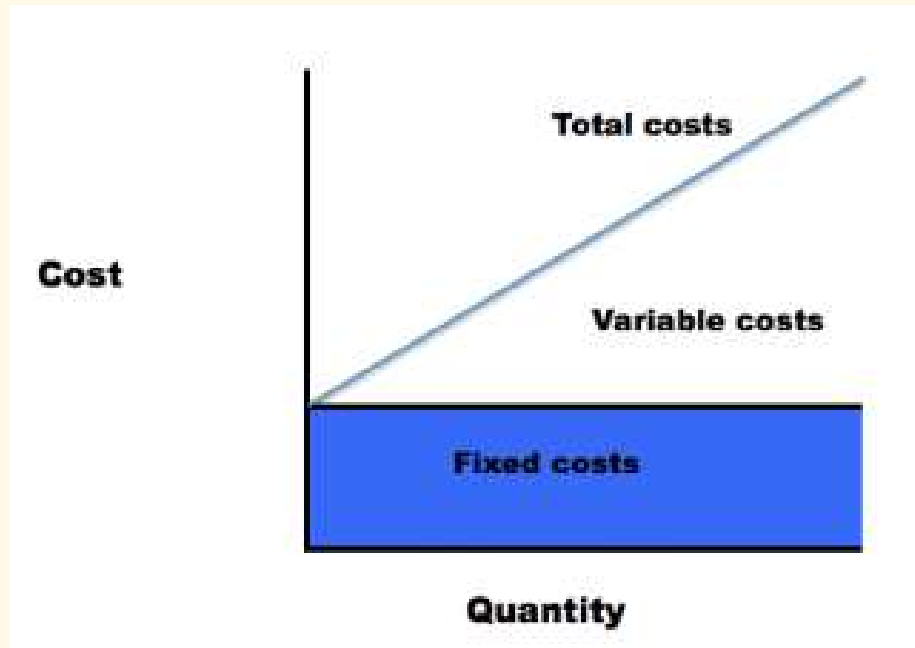


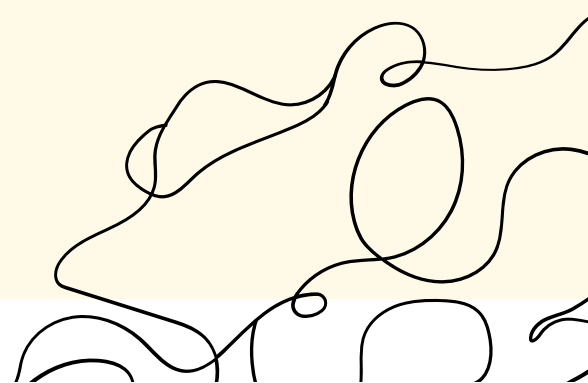
FIG. 11. TOTAL COSTS ARE THE RESULT OF FIXED AND VARIABLE COSTS. SOURCE: [HOW TO CALCULATE TOTAL COST. \(LEARNTOCALCULATE.COM\)](https://www.learntocalculate.com)

FIXED COSTS DO NOT CHANGE WITH A CHANGE IN PRODUCTION VOLUME. THIS MEANS THAT REDUCING PRODUCTION DOES NOT CHANGE FIXED COSTS. FIXED COSTS REMAIN THE SAME OVER A LONG PERIOD OF TIME, BUT THIS DOES NOT MEAN THAT THEIR VALUE IS ALWAYS THE SAME. THE COSTS DEPEND ON MACROECONOMIC CONDITIONS AND THEREFORE THE COSTS ARE SUBJECT TO CHANGE, BUT NOT DUE TO THE LEVEL OF ACTIVITY.

FIXED COSTS – TYPES

FIXED COSTS CAN BE DIVIDED INTO:

- **ABSOLUTE FIXED COSTS - THEY ARE NOT SUBJECT TO ANY CHANGES WHEN THE PRODUCTION VOLUME CHANGES (E.G., DEPRECIATION WRITE-OFFS WHEN FIXED ASSETS ARE SETTLED USING THE STRAIGHT-LINE METHOD)**



- **INCREMENTAL FIXED COSTS - THEIR VALUE DOES NOT CHANGE ONLY IN THE SIZE RANGE, AFTER WHICH THEY INCREASE, AND WHERE THEY STABILIZE AGAIN (E.G., RENTING A PRODUCTION HALL, AFTER EXCEEDING A CERTAIN PRODUCTION VALUE IT IS NECESSARY TO RENT AN ADDITIONAL HALL).**

THE EXAMPLES OF FIXED COSTS CAN BE THE FOLLOWING:

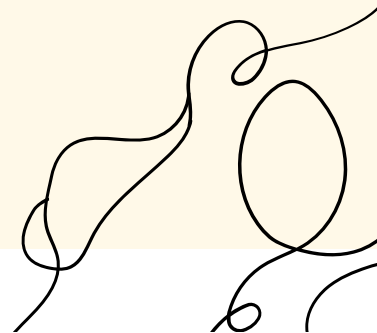
- **ADMINISTRATION REMUNERATION**
- **RENT FOR RENTING A BUILDING**
- **MEDIA COSTS**

VARIABLE COSTS ARE COSTS THAT THE ENTREPRENEUR INCURS FOR ACTIVITIES RELATED DIRECTLY TO THE CURRENT PRODUCTION LEVEL. IT IS COMMONLY ASSUMED THAT VARIABLE COSTS CHANGE WITH CHANGES IN PRODUCTION VOLUME.

THE VARIABLE COSTS INCLUDE, AMONG OTHERS:

- **COST OF SALARIES OF PRODUCTION WORKERS (MAN-HOURS)**
- **COST OF CONSUMPTION OF RAW MATERIALS AND MATERIALS**
- **THE COST OF ELECTRICITY CONSUMPTION, WATER BILLS ETC.**
- **STORAGE AND TRANSPORT COSTS.**

CONCLUDING WITH THIS LEARNING UNIT, YOU CAN FIND BELOW A BMC TEMPLATE WITH GUIDING QUESTIONS ADAPTED TO ARTISTS.



Artist Business Canvas by (abbreviated outline)

<p>7. Key Partnerships</p> <ul style="list-style-type: none"> - Key partner relationships and support to make, market and sell creative work - VALUE EXCHANGE with partners (goes both ways)? 	<p>9. Key Activities</p> <ul style="list-style-type: none"> - Key Activities that your artistic/creative practice requires? - Key activities that all other canvas segments require (map-out) 	<p>2. Value Propositions</p> <ul style="list-style-type: none"> - Value that you/your creative work offers - Special offerings that you offer customers/buyers/audiences <p>HOOK: What sets you and your creative/art work apart?</p>	<p>4. Customer Relationships</p> <ul style="list-style-type: none"> - How do you build an nurture relationships with each customer segment? - Relationships with customers/audiences who support you with \$resources? Who don't support you with \$resources? 	<p>1. Customer Segments</p> <ul style="list-style-type: none"> - Audiences/customers – WHO ARE THEY? - Who pays you? - Who do you want to pay you?
<p>8. Key Resources</p> <ul style="list-style-type: none"> - What Key Resources do you already have to make, market and sell your creative work? - Key Resources that all other canvas segments require (map out) 		<p>3. Channels</p> <ul style="list-style-type: none"> - Communication channels for outreach and engagement – what works best? - Online, offline, in-person? 		<p>5. Revenue Streams</p> <ul style="list-style-type: none"> - What sources of revenue might you're artistic/creative work provide? - What Audience/customer segment contribution to overall income? - Day job considerations?
<p>6. Cost Structure</p> <ul style="list-style-type: none"> - Most important costs inherent in the business model canvas - Costs to produce creative/artistic work (time, materials, marketing, shows, etc.). <p>FIXED AND VARIABLE</p>			<p>5. Revenue Streams</p> <ul style="list-style-type: none"> - What sources of revenue might you're artistic/creative work provide? - What Audience/customer segment contribution to overall income? - Day job considerations? 	


The 'Artist Business Canvas' is directly inspired by Business Model Canvas (<http://www.businessmodelgeneration.com/>) by Alexander Osterwalder and Yves Pigneur. Modified by ArtSpark (<http://art-spark.org/>) 1/10 version. 

FIG. 12. ARTIST BUSINESS CANVAS



EXERCISE

CUSTOMER SEGMENTING (EXPERIENTIAL ACTIVITY)

TRY TO DETECT THE SPECIFIC GROUP OF CONSUMERS WHO ARE INTERESTED (OR WOULD BE IF YOU ARE NOW STARTING BUSINESS) IN YOUR PRODUCT. SEARCH FOR THEIR DEMOGRAPHIC DETAILS, EXPECTATIONS, PREFERENCES, AND ANY ATTRIBUTES THAT YOU CONSIDER IMPORTANT. THEN GROUP THEM INTO DISTINCT SUB-SEGMENTS, CONSTRUCTING MULTIPLE TABLES (A TEMPLATE WITH EXAMPLES IS GIVEN BELOW) BASED ON THEIR COMMON NEEDS, BEHAVIOURS, AND THE REST FEATURES. MARK SPECIFIC GROUPS THAT YOU CONSIDER KEY CUSTOMER SEGMENTS (PRIORITY A) FOR YOUR PRODUCTS. IF YOU THINK IT WILL HELP YOU FURTHER, YOU MAY KEEP SOME BRIEF NOTES EXPLAINING YOUR DECISIONS. PRACTICALLY, A SIMILAR TASK CAN BE BENEFICIAL FOR YOUR BUSINESS TO MANAGE TO REACH AND SERVE EFFECTIVELY SUCH AUDIENCES ACCORDING TO THEIR SPECIFICITIES. INSERT YOUR CUSTOMER SEGMENTING AND ANY COMMENTS YOU MADE ON THE INDICATED SPOTS AT THE PLATFORM PROVIDED.

		Demographic Details			
		Age		Place of Residence	
		<35	>=35	Local	International
Arts field of interest	Music	GROUP - priority B			
	Theatre				
	Video Gaming	GROUP - priority C		GROUP - priority B	
	Painting		GROUP - priority A		GROUP - priority A
	Cinema			GROUP - priority C	
Available income to spent on art products	<100		GROUP - priority C	GROUP - priority B	
	100-1000	GROUP - priority A		GROUP - priority A	
	>1000		GROUP - priority B		GROUP - priority C

EXERCISE

INFRASTRUCTURE, NETWORK, CHANNELS (EXPERIENTIAL ACTIVITY, INFORMATION SHARING WITH PEERS):

REFLECTING ON YOUR OWN EXPERIENCE, TRY TO THINK AND LIST THE RESOURCES AND PROCESSES FOR THE DELIVERY OF YOUR PRODUCT. THINK ALSO OF THE TOUCH POINTS THAT PLAY AN IMPORTANT ROLE IN THE CUSTOMER EXPERIENCE AND ENABLE YOU TO OFFER YOUR PRODUCT TO THE CONSUMERS. TRY TO COMMENT ON THE WAYS THAT YOU USUALLY COMMUNICATE WITH THEM AND ANSWER HOW MUCH ARE YOU HELPING CUSTOMERS EVALUATE YOUR VALUE PROPOSITION AND WHAT POST-PURCHASE CUSTOMER SUPPORT ARE YOU ACTUALLY PROVIDING. WOULD YOU RATHER AMEND ANY OF YOUR TACTICS AND WHY? WRITE YOUR ANSWERS ON THE INDICATED SPOTS AT THE PLATFORM PROVIDED AND SHARE WITH YOUR PEERS THE BENEFITS AND CHALLENGES YOU DETECTED, ASKING ABOUT THEIR OWN OPTIONS AS WELL. IN THE END, TRY TO COME UP WITH POTENTIAL SOLUTIONS TO ADDRESS IDENTIFIED CHALLENGES.

EXERCISE

BUSINESS MODEL CANVAS (EXPERIENTIAL ACTIVITY, INFORMATION SHARING WITH PEERS):

TRY TO CREATE YOUR OWN BUSINESS MODEL CANVAS BASED ON YOUR SITUATION AND EXPERIENCE AS AN INDIVIDUAL INTERESTED IN THE CREATIVE SECTOR. YOU CAN ASK FOR HELP OF YOUR PEERS, SHARING ALL NECESSARY INFORMATION WITH THEM, SO AS THEY TO BE ABLE TO MAKE APPROPRIATE SUGGESTIONS AND COOPERATE EFFECTIVELY FOR DESIGNING YOUR CANVAS

TOGETHER. BELOW IS A DRAFT TEMPLATE TO USE FOR BUILDING THE BUSINESS MODEL CANVAS. PLACE YOUR ANSWERS ON THE INDICATED SPOTS USING A BMC TEMPLATE. IF YOU WANT TO TRY BUSINESS MODEL CANVAS AND CREATE IT FOR YOUR BUSINESS ONLINE, YOU MAY VISIT THE FOLLOWING LINK TO ACCESS THE “CANVANIZER 2.0 BUSINESS MODEL CANVAS DEMO”:
[HTTPS://CANVANIZER.COM/NEW/BUSINESS-MODEL-CANVAS#](https://canvanizer.com/new/business-model-canvas#)

ADDITIONAL LINKS THAT YOU CAN USE FOR BUILDING YOUR BMC ONLINE

- [BUSINESS CANVAS - BUSINESS MODELS & VALUE PROPOSITIONS \(STRATEGYZER.COM\)](https://strategyzer.com)
- [BUSINESS MODEL CANVAS TEMPLATE | MIRO](https://miro.com/templates/business-model-canvas/)

ALSO, IN THE FOLLOWING LINK YOU CAN FIND A DESCRIPTIVE STEP-BY-STEP GUIDE:

- [HTTPS://WWW.BUSINESSMODELSINC.COM/ABOUT-BMI/TOOLS/BUSINESS-MODEL-CANVAS/](https://www.businessmodelsinc.com/about-bmi/tools/business-model-canvas/)

EXERCISE

PRACTICAL ACTIVITY – CREATE YOUR OWN BUSINESS MODEL CANVAS

AFTER CREATING YOUR BMC, YOU WILL BE ASKED TO MAKE A PITCH; PRESENT YOUR IDEA TO OTHERS.

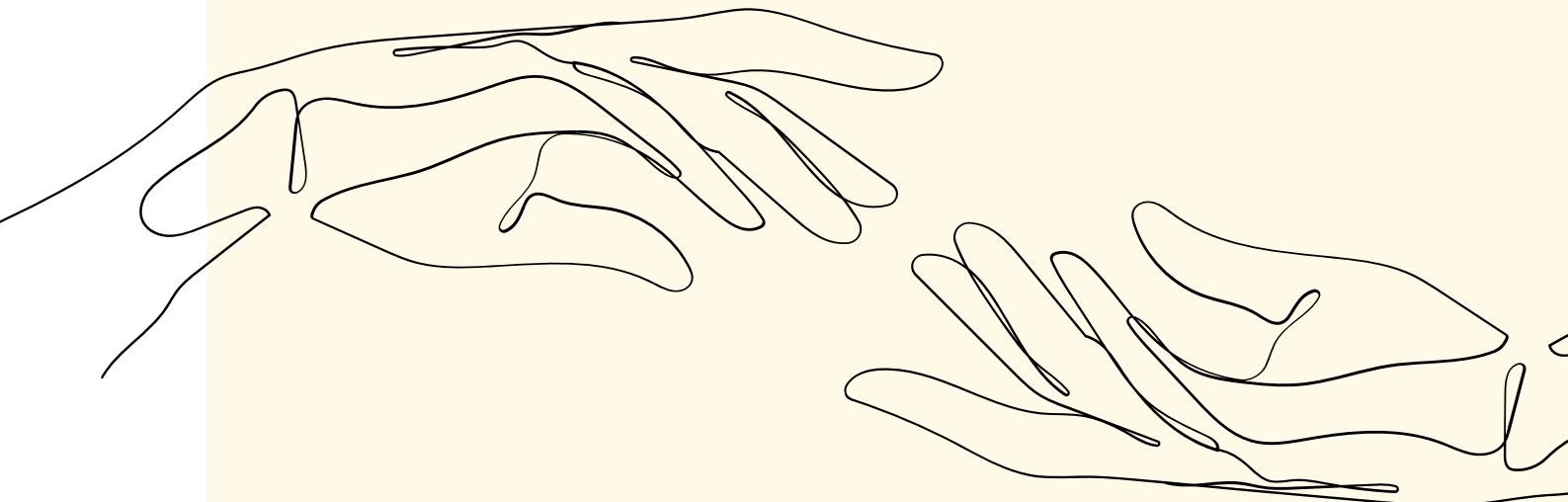


EXERCISE

PRACTICAL ACTIVITY – CREATE YOUR OWN BUSINESS MODEL CANVAS

AFTER CREATING YOUR BMC, YOU WILL BE ASKED TO MAKE A PITCH; PRESENT YOUR IDEA TO OTHERS.

Key partners	Key activities	Value propositions	Customer relationships	Customer segments
<ul style="list-style-type: none"> Who are your most important partners? Which key resources do you acquire from partners? Which key activities do your partners perform? 	<ul style="list-style-type: none"> What are the activities you perform every day to create and deliver your value proposition? 	<ul style="list-style-type: none"> What is the value you deliver to your customer? Which of your customer's problems are you helping to solve? What is the customer need that your value proposition addresses? What is your promise to your customers? What are the products and services you create for your customers? 	<ul style="list-style-type: none"> What relationship does each customer segment expect you to establish and maintain? 	<ul style="list-style-type: none"> For whom are you creating value? What are the customer segments that either pay, receive or decide on your value proposition?
	<p>Key resources</p> <ul style="list-style-type: none"> What are the resources you need to create and deliver your value proposition? 		<p>Channels</p> <ul style="list-style-type: none"> How does your value proposition reach your customer? Where can your customer buy or use your products or services? 	
<p>Cost structure</p> <ul style="list-style-type: none"> What are the important costs you make to create and deliver your value proposition? 		<p>Revenue streams</p>		



THE FOLLOWING GUIDING QUESTIONS CAN BE USED IN THE PROCESS AND FOR SELF- AND PEER-EVALUATION AT THE END.

CUSTOMER SEGMENTS

- WHO IS THE CUSTOMER?
- WHO IS THE PRODUCT INTENDED FOR?
- WHO IS THE VALUE OFFERED TO?
- WHO PAYS?

VALUE PROPOSITION

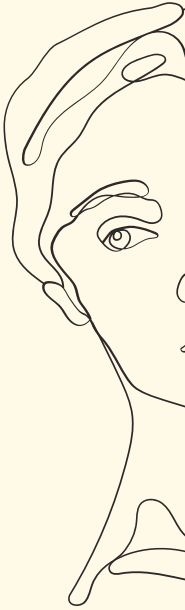
- WHAT VALUES DOES THE COMPANY GENERATE FOR CUSTOMERS?
- WHAT DO CUSTOMERS PAY FOR?
- WHAT IS CRUCIAL FOR THEM?
- WHAT CUSTOMER PROBLEMS ARE SOLVED BY THE COMPANY'S OFFER?
- WHAT PRODUCTS ARE OFFERED?

CHANNELS

- WHERE ARE THE COMPANY'S CUSTOMERS?
- WHAT CHANNELS DOES THE COMPANY USE WHEN ESTABLISHING CONTACT WITH THE CUSTOMER?

CUSTOMER RELATIONSHIPS

- WHAT KIND OF RELATIONSHIP DO CUSTOMERS EXPECT FROM THE COMPANY?
- DO THEY EXPECT PERSONAL SUPPORT OR FAST AND AUTOMATED SERVICE?
- IS THE WAY OF ESTABLISHING RELATIONSHIPS WITH CUSTOMERS INTEGRATED WITH OTHER AREAS OF THE BUSINESS MODEL?



REVENUE STREAMS

- WHAT ARE CUSTOMERS WILLING TO PAY FOR?
- HOW MUCH SHOULD THEY PAY AND WHAT DO THEY PAY FOR?
- WHICH PARTS OF THE PRODUCT OR SERVICE ARE FREE, AND WHICH MUST BE PAID FOR?
- WHAT NUMBER OF CUSTOMERS / PRODUCTS/ SERVICES SOLD WILL BE THE BREAK-EVEN POINT FOR THE COMPANY?

KEY RESOURCES

- WHAT KEY RESOURCES ARE NEEDED TO OFFER THE VALUE PROPOSITION?
- WHAT RESOURCES DO THE CHANNELS FOR REACHING CLIENTS AND THE RELATIONSHIPS WITH THEM REQUIRE?

KEY ACTIVITIES

- WHAT ACTIONS MUST YOUR ENTERPRISE TAKE TO DELIVER THE VALUE PROPOSITION TO ITS CUSTOMERS?
- WHAT ACTIONS DO THE CHANNELS OF REACHING THE CLIENTS AND ESTABLISHING RELATIONSHIPS WITH THEM REQUIRE?

KEY PARTNERS

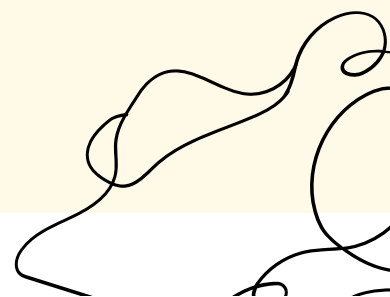
- WHO ARE THE KEY PARTNERS?
- WHAT EXTERNAL ORGANIZATIONS ARE NECESSARY FOR THE OPERATIONS OF THE ENTERPRISE?
- WHAT KEY RESOURCES AND ACTIVITIES ARE IMPLEMENTED BY THE COMPANY'S PARTNERS?

COST STRUCTURE

- WHAT COSTS DOES THE BUSINESS MODEL GENERATE?
- WHAT FINANCIAL OUTLAYS ARE GENERATED BY KEY RESOURCES, ACTIVITIES, PARTNERS?

CONCLUSION

THE MAIN OBJECTIVE OF MODULE 10-BUSINESS MODELLING AND BUSINESS PLAN WAS TO INTRODUCE YOU TO THE UNDERLYING PRINCIPLES OF STARTING A BUSINESS, AVOID COMMON PITFALLS, PITCH IDEAS MORE EFFECTIVELY, VALIDATE YOUR PRODUCT, DEVELOP A SOLID BUSINESS PLAN, AND SET YOURSELF UP FOR SUCCESS IN A FIELD WHERE FAILURE IS COMMON. IN LEARNING UNIT 1 YOU HAVE BEEN INTRODUCED INTO DIFFERENT BUSINESS MODELS THAT YOU NEED TO CONSIDER IN ORDER TO CHOOSE THE MODEL THAT BETTER FITS WITH YOUR NEEDS, BUSINESS ACTIVITIES, PRODUCTS AND SERVICES THAT YOU WISH TO OFFER. WHILE ONE OF THE MOST IMPORTANT ASPECTS TO CONSIDER WHEN CREATING YOUR OWN BUSINESS IS THE VALUE PROPOSITION, THAT IS A PROMISE OF VALUE. A VALUE PROPOSITION REFERS TO THE VALUE A COMPANY PROMISES TO DELIVER TO CUSTOMERS SHOULD THEY CHOOSE TO BUY THEIR PRODUCT. OVERALL, VALUE PROPOSITION DECLARES WHAT DIFFERENTIATES YOUR BUSINESS FROM OTHER COMPETITORS, HOW YOU SATISFY WHAT YOUR CUSTOMERS WANT, FEAR, NEED, DESIRE. LEARNING UNIT 2 IS DEDICATED TO VALUE PROPOSITION AND VALUE PROPOSITION CANVAS IS BEING INTRODUCED. IN ADDITION, ONE OF THE



IMPORTANT STEPS TO FOLLOW WHEN STARTING YOUR OWN BUSINESS, IS TO CONSIDER YOUR BUSINESS DESIGN, AND TOOLS THAT CAN HELP YOU TO THIS END. BUSINESS MODEL CANVAS (BMC). THE BMC IS A STRATEGIC MANAGEMENT TEMPLATE USED FOR DEVELOPING NEW BUSINESS MODELS AND DOCUMENTING EXISTING ONES. ALL NINE ELEMENTS OF THE BMC (CUSTOMER SEGMENTS, CHANNELS, VALUE PROPOSITION, CUSTOMER RELATIONSHIPS, REVENUE STREAMS, KEY RESOURCES, KEY ACTIVITIES, KEY PARTNERS, COST STRUCTURE), ARE DESCRIBED IN THE LAST LEARNING UNIT. HOW VALUE PROPOSITION CANVAS IS LINKED TO BMC IS ALSO EXPLICATED IN LEARNING UNIT 3. THE KNOWLEDGE, SKILLS AND COMPETENCES ACQUIRED AT THE END OF THIS MODULE WILL HELP YOU MAKE YOUR FIRST STEPS INTO THE ENTREPRENEURIAL WORLD, SUPPORT YOU CREATING A BUSINESS MODEL CANVAS FOR YOUR OWN BUSINESS, AND INTRODUCING YOU INTO KEY CONCEPTS OF ENTREPRENEURSHIP THAT ARE ESSENTIAL AT THE BEGINNING OF THIS JOURNEY!



QUESTIONNAIRE MODULE 10

1. A BUSINESS MODEL IS

- A) A DETAILED DOCUMENT DESCRIBING THE EVERYDAY OPERATIONS OF AN ORGANIZATION
- B) A TOOL THAT CONTAINS A SET OF ELEMENTS AND THEIR RELATIONSHIPS AND ALLOWS EXPRESSING THE BUSINESS LOGIC OF A SPECIFIC FIRM
- C) A REPORT WITH THE FINANCIAL OPERATIONS OF THE ORGANIZATION

2. THE FOLLOWING BUSINESSES FOLLOW THE FREEMIUM MODEL

- A) NETFLIX
- B) NESTLÉ – NESPRESSO
- C) GOOGLE DRIVE

3. WHAT IS A VALUE PROPOSITION?

- A) A BUSINESS OR MARKETING STATEMENT THAT A COMPANY USES TO SUMMARIZE WHY A CONSUMER SHOULD BUY A PRODUCT OR USE A SERVICE.
- B) THE PROCESS BY WHICH YOU CREATE A UNIQUE IMAGE OF A PRODUCT OR SERVICE IN THE MIND OF THE CONSUMER.
- C) WRITING AND DESIGNING ONLINE ADVERTISEMENTS FOR TARGET AUDIENCES TO MAKE PURCHASES.
- D) SENDING SPECIFIC EMAILS TO A CURATED CUSTOMER BASE IN ORDER TO ACHIEVE BRAND SUCCESS.

4. WHICH OF THESE IS NOT ONE OF THE BASICS OF A VALUE PROPOSITION?

- A) HOW YOUR PRODUCT/SERVICE IMPROVES PROBLEMS
- B) WHY BUY FROM YOU INSTEAD OF YOUR COMPETITORS
- C) BENEFITS CUSTOMERS CAN EXPECT
- D) COST OF YOUR SERVICES

5. WHAT BEST DESCRIBES A BUSINESS MODEL CANVAS?

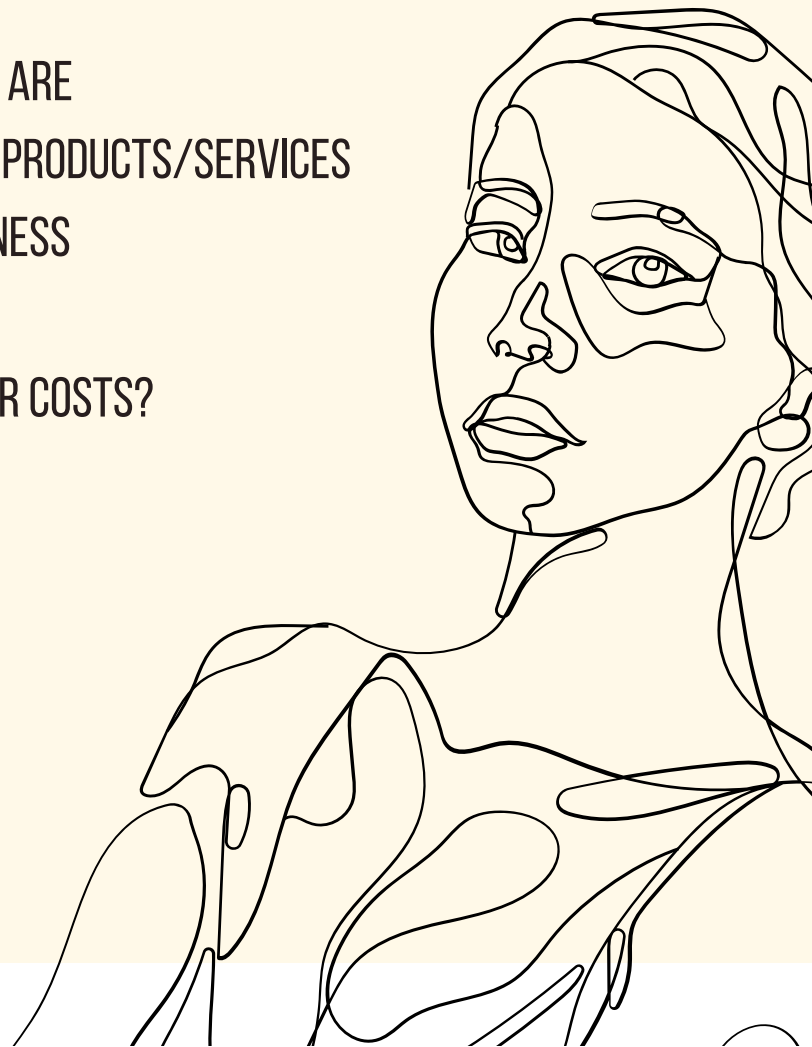
- A) ONE PAGE PLAN OUTLINING YOUR NEW BUSINESS IDEA
- B) A PIECE OF ARTWORK
- C) A MODEL OF YOUR BUSINESS OFFICE

6. WHAT ARE THE "CHANNELS" IN A BUSINESS MODEL CANVAS?

- A) WHO YOUR CUSTOMERS ARE
- B) WHERE YOU SELL YOUR PRODUCTS/SERVICES
- C) YOUR GOALS AS A BUSINESS

7. WHAT IS ANOTHER WORD FOR COSTS?

- A) REVENUE
- B) EXPENSES
- C) BUDGET



8. WHAT DOES "UNIQUE VALUE PROPOSITION" MEAN?

A) DESCRIBES YOUR PRODUCT

B) WHAT YOU ARE PROPOSING TO CUSTOMERS

C) THE BENEFIT OR VALUE YOUR PRODUCT/SERVICE PROVIDES

9. DEFINE THE WORD "REVENUE"

A) COSTS

B) MONEY COMING IN

C) PROFIT

10. THE MONEY SPENT ON THE MATERIALS TO MAKE YOUR PRODUCTS ARE KNOWN AS

A) PROFIT

B) EXPENSES

C) BUDGET

11. THE MONEY GAINED FROM THE SALES AFTER EXPENSES ARE PAID IS:

A) PROFIT

B) EXPENSES

C) COSTS

D) REVENUE



12. THE ONLINE MARKETPLACE WEBSITE GOES IN WHAT SECTION OF THE BUSINESS MODEL CANVAS?

- A) CUSTOMER RELATIONSHIPS
- B) CHANNELS
- C) REVENUE
- D) CUSTOMER SEGMENTS

13. THIS PRODUCT IS COMPACT AND AN ALL IN ONE THAT IS EASY TO USE; THIS IS AN EXAMPLE OF WHAT SECTION OF THE BMC?

- A) UNIQUE VALUE PROPOSITION
- B) CHANNELS
- C) CUSTOMER PROBLEM
- D) CUSTOMER SEGMENT



SOURCES

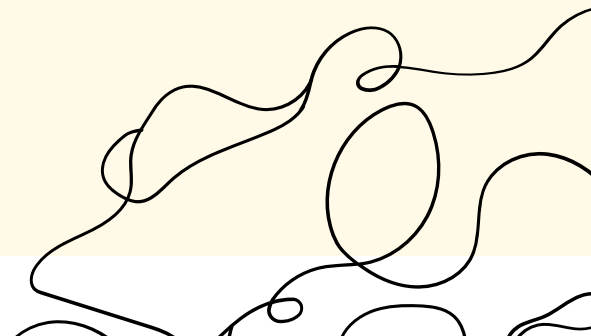
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- READ MORE ABOUT HOW TO WRITE YOUR OWN VALUE PROPOSITION: [HOW TO WRITE A VALUE PROPOSITION \(+ 6 MODERN EXAMPLES\) \(HELPSOUT.COM\)](#)
- READ MORE ABOUT THE DIFFERENCES BETWEEN A BUSINESS MODEL AND A BUSINESS PLAN: [BUSINESS MODEL VS. BUSINESS PLAN: WHAT IS THE DIFFERENCE? - SOJECT](#)

- READ MORE ABOUT THE BAIT AND HOOK BUSINESS MODEL: [BAIT & HOOK / RAZOR & BLADE - BUSINESS MODEL TOOLBOX \(BMTOOLBOX.NET\)](#)
- READ MORE ABOUT THE LEASING BUSINESS MODEL: [WHAT IS THE LEASING BUSINESS MODEL? THE LEASING BUSINESS MODEL IN A NUTSHELL - FOURWEEKMBA](#)
- READ ABOUT THE VALUE PROPOSITION CANVAS: [WHAT IS THE VALUE PROPOSITION CANVAS? - B2B INTERNATIONAL](#)

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MODULE 11: SOCIAL ENTREPRENEURSHIP AND SOCIAL BUSINESS MODEL CANVAS

PARTNER: FUNDEUN

INTRODUCTION

CULTURAL AND CREATIVE SECTORS ARE NOT ONLY A SIGNIFICANT SOURCE OF JOBS AND INCOME, BUT ALSO GENERATE IMPORTANT SPILLOVERS TO THE WIDER ECONOMY. THEY ARE A DRIVER OF INNOVATION, A SOURCE OF CREATIVE SKILLS WITH STRONG BACKWARD AND FORWARD LINKAGES IN THE ECONOMY, AND ACT AS A MAGNET THAT HELPS DRIVE GROWTH IN OTHER SECTORS SUCH AS TOURISM AND EDUCATION. **BEYOND THEIR ECONOMIC IMPACTS, THEY ALSO HAVE SIGNIFICANT SOCIAL IMPACTS, FROM SUPPORTING HEALTH AND WELL-BEING, TO PROMOTING SOCIAL INCLUSION AND LOCAL SOCIAL CAPITAL.**

UNIT 1 – WHAT IS SOCIAL ENTREPRENEURSHIP?

1.1.- INTRODUCTION TO SOCIAL ENTREPRENEURSHIP

SOCIAL ENTREPRENEURSHIP IS ALL ABOUT RECOGNIZING THE SOCIAL PROBLEMS AND ACHIEVING A SOCIAL CHANGE BY EMPLOYING ENTREPRENEURIAL PRINCIPLES, PROCESSES, AND OPERATIONS. IT CONSISTS OF ANALYZING A PARTICULAR SOCIAL PROBLEM AND THEN DEVELOPING A SOCIAL PROJECT TO SOLVE IT OR RELIEVE IT. IN MANY CASES, SOCIAL ENTREPRENEURSHIP DOESN'T TOTALLY SOLVE THE PROBLEM BUT IMPROVES THE EXISTING CIRCUMSTANCES.

WHILE USUALLY BUSINESS ENTREPRENEURSHIP IS ABOUT STARTING-UP A BUSINESS OR DIVERSIFYING THE EXISTING ONE (INTRAPRENEURSHIP), SOCIAL ENTREPRENEURSHIP AIMS TO IMPROVE SOCIETY WITHOUT MINDING THE ECONOMIC PROFIT OR RETURN. SOCIAL ENTREPRENEURSHIP IS DEVELOPED MAINLY THROUGH NON-PROFIT INSTITUTIONS AND PROFESSIONALS. HOWEVER, IT IS A MISTAKE TO THINK THAT SOCIAL ENTREPRENEURSHIP DOESN'T NEED TO MAKE A PROFIT. ENTREPRENEURS NEED MONEY TO FINANCE THE ACTIVITY THAT THEY DEVELOP TO PROVOKE CHANGE IN SOCIETY.

SOCIAL ENTREPRENEURSHIP IS ALSO DEVELOPED TO SOLVE OR RELIEVE ENVIRONMENTAL PROBLEMS, BY WORKING ON TREATING WASTE PRODUCTS OR REACHING AWARENESS ABOUT CLIMATE CHANGE. SOME OTHERS WORK FOR COLLECTIVES ON RISK OF EXCLUSION LIKE PEOPLE WITH DISABILITIES. AND THERE ARE MANY WAYS TO BE A SOCIAL ENTREPRENEUR LIKE FOR INSTANCE RAISING FUNDS FOR OTHER PEOPLE WHO WORK ON IT.

ONE OF THE MOST FAMOUS SOCIAL ENTREPRENEURS FROM THE LAST DECADES IS MUHAMMAD YUNUS, THE WINNER OF THE NOBEL PEACE PRIZE IN 2006. HE FOUNDED AND STARTED-UP GRAMEEN BANK. HE IS THE KIND OF SOCIAL ENTREPRENEUR WHO MANAGED TO CHANGE THE WORLD BY INVENTING AND DEVELOPING MICROCREDIT.

IN THE CONTEXT OF MICROCREDIT, THERE HAVE BEEN MANY OTHER SOCIAL ENTREPRENEURS, BECAUSE THE IDEA OF FINANCING WITH A SMALL QUANTITY OF MONEY THE POOREST PEOPLE TO LET THEM LEAVE POVERTY NEEDED MANY HANDS. ONE WAS THE INVENTOR AND FIRST DEVELOPER, BUT MANY OTHER PEOPLE BROUGHT THE IDEA TO OTHER COUNTRIES. ALL OF THEM WERE ALSO SOCIAL ENTREPRENEURS.

THE GEORGE FOUNDATION IS ONE MORE NATIONALLY RECOGNIZED SOCIAL ENTERPRISE. THE WOMEN'S EMPOWERMENT PROGRAM CREATES AWARENESS AMONG WOMEN BY PROVIDING THEM EDUCATION, VOCATIONAL TRAINING, COOPERATIVE FARMING, BUSINESS DEVELOPMENT AND SAVINGS PLANNING. BY EMPLOYING THE PRINCIPLES OF SOCIAL ENTREPRENEURSHIP, THESE ORGANIZATIONS ARE ADDRESSING THE SOCIAL PROBLEMS AND BRINGING A POSITIVE CHANGE IN THE SOCIETY.

EVEN SOME POLITICIANS CAN BE CONSIDERED SOCIAL ENTREPRENEURS, LIKE GHANDI OR LULA DA SILVA BECAUSE OF THE WAY THEY FACED THEIR WORK IN THE GOVERNMENT OR HOW THEY MOBILIZED PEOPLE TO IMPROVE SOCIETY.

THERE ARE SEVERAL OTHER ORGANIZATIONS THAT ARE CONSIDERED AS POSITIVE CHANGEMAKERS IN SOCIETY. FUNDACIÓN ONCE IN SPAIN TO HELP BLIND PEOPLE, THE CANADIAN SOCIAL ENTREPRENEURSHIP FOUNDATION, SCHWAB FOUNDATION FOR SOCIAL ENTREPRENEURSHIP, AND MANY OTHERS- SOCIAL ENTREPRENEURSHIP SECTOR IS GROWING AND RECRUITING MANY VOLUNTEERS AND IT HAS A PRESENCE IN MANY UNIVERSITY DEGREES, BECAUSE ALSO PROFESSIONALLY PEOPLE CAN COLLABORATE ON IT. A BETTER WORLD IS SOMETHING THAT WE ALL WANT, AND MANY TIMES CAN RESIGN TO SOME PROFIT OR LUXURY FOR IT.



1.2.- ADVANTAGES OF SOCIAL ENTERPRISES

SOCIAL ENTERPRISES AIM TO CREATE VALUE FOR THE SOCIETY AND, IF POSSIBLE, GENERATE INCOME (IF NOT WEALTH). THEY REQUIRE INNOVATIVE SOLUTIONS AND COST EFFECTIVENESS. THESE, TOGETHER WITH SUSTAINABILITY, ARE THEIR CHALLENGES. HOWEVER, THE IMPACT OF THOSE WHICH MANAGED TO FULFILL THESE CHALLENGES WAS HUGE. THEY ARE THE ENTERPRISES THAT ARE ADVANTAGEOUS TO SOCIETY, PEOPLE, AND THE ENVIRONMENT.

THE SOCIAL CLASS, WHERE SOCIAL ENTREPRENEURSHIP HAS AN IMPACT, IT IS USUALLY THE LOWEST ONE. PEOPLE WITH LESS INCOMES AND RESOURCES WHO ARE PROVIDED A LIVELIHOOD THANKS TO SOCIAL ENTREPRENEURSHIP.

SOCIAL ENTERPRISES HAVE SOME ADVANTAGES COMPARED TO OTHER TYPES OF ENTERPRISES, LIKE:

- SOCIAL ENTREPRENEURS RAISE CAPITAL MORE EASILY, BECAUSE THEY HAVE HELP FROM GOVERNMENTS AND PUBLIC INSTITUTIONS AND BECAUSE THEY ARE HUMAN FRIENDLY ORGANIZATIONS.
- MARKETING AND PROMOTION FOR THEM IS ALSO VERY EASY. THEY JUST SHOW SOLUTIONS FOR PROBLEMS PEOPLE KNOW ABOUT.
- IT IS EASIER TO GET SUPPORT FROM PEOPLE BECAUSE OF THEIR ALTRUISTIC SPIRIT. IT IS ALSO EASIER TO GET GOOD STAFF AT LOWER SALARIES COMPARED TO OTHER INDUSTRIES.
- THEIR SERVICES ARE BETTER DESIGNED TO SUIT THE NEEDS OF THE INDIVIDUAL OR THE PROBLEM AND ARE IN HARMONY WITH THE ENVIRONMENT, SOCIETY, OR THE PEOPLE, BECAUSE THERE IS NOT A BUSINESS OBJECTIVE TO ACHIEVE.

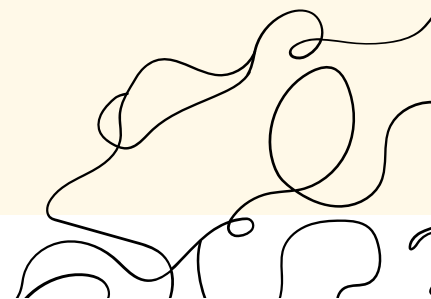
- COST EFFECTIVENESS IS ANOTHER ADVANTAGE OF A SOCIAL ENTERPRISE. THE SOLUTIONS OFFERED BY THESE ORGANIZATIONS ARE MORE REASONABLE THAN THE ONES FROM A PROFIT-MAKING INSTITUTION WHICH CONSIDERS THE MARKET RULES TO MAKE PROFIT.

MANY TIMES, CORPORATIONS USE PART OF THE PROFIT THAT THEY GET TO HELP SOCIETY MAKING CORPORATE SOCIAL RESPONSIBILITY AN INTEGRAL PART OF THEIR BUSINESS FUNCTIONING. HOWEVER, NOT MANY MANAGE TO CREATE A DIFFERENCE. IT IS JUST A MEANS TO ACHIEVE MORE PROFITS; THERE IS AN INCREASING NEED TO WATCH OUT FOR THE SAME AND HELP AND ADVOCATE THOSE WHO REALLY AIM TO ADD VALUE.

1.3.- PRINCIPLES OF SOCIAL BUSINESS

SOCIAL BUSINESS IS A NEW KIND OF BUSINESS DEFINED BY MUHAMMAD YUNUS. FROM HIS EXPERIENCE IN THE DEVELOPMENT OF MICROCREDIT AND GRAMEEN BANK, HE THOUGHT OF THIS KIND OF ORGANIZATION WITH SEVEN PRINCIPLES. THEY OUTLINE THE RECOMMENDED PRIORITIES FOR ANY SOCIAL ENTREPRENEURSHIP AND HOW FINANCINGS MUST BE MANAGED. THESE ARE THE PRINCIPLES:

- BUSINESS OBJECTIVE FOR A SOCIAL BUSINESS MUST BE TO OVERCOME POVERTY OR DEAL WITH SOME PROBLEMS LINKED TO POVERTY LIKE EDUCATION, NUTRITION, HEALTHCARE, ENVIRONMENT AND ENABLING TECHNOLOGY ACCESS FOR THE DOWNTRODDEN AND NOT JUST PROFIT OR SHAREHOLDERS WEALTH MAXIMIZATION.



- ANY SOCIAL BUSINESS IS DISALLOWED TO TAKE FUNDS FROM OUTSIDE LIKE GRANTS OR NGO. THOSE WHO RUN THE BUSINESS ARE SUPPOSED TO INVEST.
- INVESTORS IN A SOCIAL BUSINESS ARE DISALLOWED TO TAKE MONEY BEYOND THEIR INVESTMENT. NO DIVIDEND IS GIVEN ON THE INVESTMENT.
- AMOUNT EARNED OVER AND ABOVE THE INVESTMENT IS SUPPOSED TO BE REINVESTED BACK IN FOR SCALING THE BUSINESS AND FOR IMPROVEMENT. EXPANSION HERE IS AIMED AT REACHING OUT TO MORE PEOPLE OR TO IMPROVE THE QUALITY OF SERVICES.
- SOCIAL BUSINESSES ARE SUPPOSED TO BE RESPONSIBLE FOR THE WELL-BEING OF THE ENVIRONMENT. THEY ARE TO PLAY A MAJOR ROLE IN BETTERMENT OF THE ENVIRONMENT EITHER DIRECTLY OR INDIRECTLY. INDIRECTLY MEANS THROUGH THEIR OPERATIONS THEY WILL ENSURE THAT THEY DO NOT HARM THE ENVIRONMENT.
- THOSE WORKING WITH THE BUSINESS AS ITS EMPLOYEES WILL GET FAIR COMPENSATION, WHICH IS IN ACCORDANCE WITH THE INDUSTRY BENCHMARK. IN ADDITION THE WORKFORCE WILL GET BETTER WORKING CONDITIONS.
- ONLY THOSE WHO HAVE A PASSION FOR CONTRIBUTING TO THE SOCIETY AND THE ENVIRONMENT WILL RUN A SOCIAL BUSINESS. THIS MEANS THAT BUSINESS WILL RUN IN AN ENVIRONMENT OF JOY AND NOT STRESS.



THESE PRINCIPLES DRAW A DISTINCTION BETWEEN SOCIAL BUSINESS AND OTHER BUSINESSES CARRIED OUT IN THE NAME OF CONTRIBUTING TO SOCIAL WELFARE. THEY BRING A DEFINITION, ARISING FROM A SUCCESSFUL EXPERIENCE, THAT ENLIGHTENS THE EXPECTED BEST POSSIBLE SOCIAL ENTERPRISE TO TAKE CARE OF THE WORLD.

THE SEVEN PRINCIPLES OF SOCIAL BUSINESS ARE FOLLOWED WORLD OVER BY ORGANIZATIONS THAT EITHER PROMOTE OR RUN SOCIAL BUSINESSES. ASHOKA, THE OMIDYAR NETWORK, NIKA WATER COMPANY IN U.S, GRAMEEN BANK IN BANGLADESH ARE EXAMPLES OF SUCH ORGANIZATIONS.

UNIT 2 – SOCIAL INNOVATION

2.1.- CONCEPT

SOCIAL INNOVATION IS THE KIND OF INNOVATION ACTIVITY (IDEAS, PROCEDURES, STRATEGIES, AND ORGANIZATIONS) THAT LOOKS FOR SOLUTIONS TO MEET THE DEMANDS OF THOSE WHO LIVE DOWN AT THE SOCIAL PYRAMID. IT CAN BE DEVELOPED IN MANY DIFFERENT FIELDS LIKE EDUCATION, HEALTHCARE, ENTERTAINMENT, COMMUNITY DEVELOPMENT, ETC.

THE IDEA OF SOCIAL INNOVATION IS NOT NEW AT ALL, ALTHOUGH IT HAS BECOME A MORE RECURRENT ISSUE DURING THE LAST DECADES DUE TO THE SUCCESS OF MICROCREDIT AND OTHER TYPES OF PARTICIPATING FUNDING (I.E. CROWDFUNDING). HOWEVER, MANY TIMES IN HISTORY, SOCIETIES REACTED IN

AN INNOVATIVE WAY LOOKING FOR GENERAL SOLUTIONS WHEN THE PROBLEMS WERE COMMON TO MANY PEOPLE. IF THEY WERE TRYING TO THINK OUT OF THE BOX, AS MANY TIMES HAPPENED, THEY WERE DOING SOCIAL INNOVATION.

LEADERS MUST BRING SOME SOCIAL INNOVATION. OTHERWISE, THEY WOULDN'T BE LEADERS. POLITICIANS, SOCIOLOGISTS, PHILOSOPHERS COUNT ON MANY SOCIAL INNOVATORS. MANY TIMES, THEY SUCCEEDED LONGER, OTHER TIMES THEIR INNOVATION WAS NOT SO LASTING, SOME INNOVATED FOR GOOD, SOME OTHERS INNOVATED FOR BAD. BUT THEY ALL OFFERED "IDEAS OF JUSTICE" AND A LOT OF ENTHUSIASM AND WORK FOR EVERYONE IN THEIR TARGET GROUP, IN THEIR PYRAMID.

FOR FURTHER INFORMATION:

[HTTPS://INTERACCIO.DIBA.CAT/SITES/INTERACCIO.DIBA.CAT/FILES/CREATIVEINDUSTRIESSOCIALINNOVATION_0.PDF](https://interaccio.diba.cat/sites/interaccio.diba.cat/files/creativeindustriessocialinnovation_0.pdf)

2.2.- SOCIAL PYRAMID

THE BOTTOM OF THE PYRAMID IS THE BIGGEST PART OF THE PYRAMID. IN SOCIAL TERMS IT INCLUDES MORE THAN HALF THE POPULATION OF EARTH, WHO LIVES WITH 2 DAILY US DOLLARS OR LESS. ABOUT 4 BILLION PEOPLE. HOWEVER, 4 BILLION PEOPLE WITH 2 US DOLLARS PER DAY MEANS 8 DAILY BILLION DOLLARS.



THEY ARE, OF COURSE, POOR PEOPLE, IN SERIOUS NEED, BUT IF THEY ARE WELL GUIDED, THEY HAVE, ALL TOGETHER, MORE THAN ENOUGH RESOURCES, AS YUNUS PROVED WITH MICROCREDIT. IT IS NOT SIMPLE AT ALL, BUT A LOT OF ECONOMIC ACTIVITY, AS NO ONE HAD SEEN BEFORE, SOURCED FROM THAT AND CHANGED THE WORLD. THE CONCEPT OF EMERGING ECONOMY OR COUNTRY, AND BRIC, AND THE G-20 WERE CONSEQUENCES OF THIS.

SOCIAL INNOVATION FACES MANY DIFFICULTIES, NOT ONLY COST, BUT DISTRIBUTION CHANNELS, OR TRAINING.

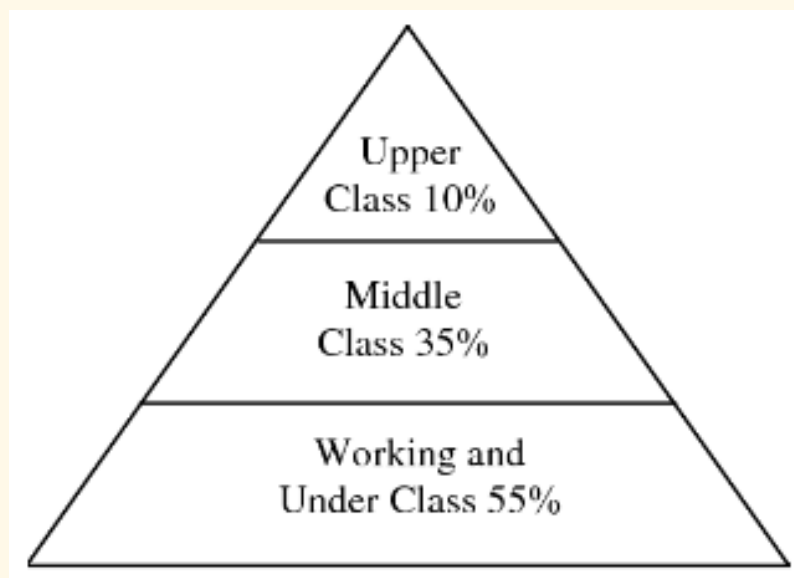


FIGURE 1: : PROPORTIONS OF SOCIAL CLASSES WHEN FORCED TO A PYRAMID SHAPE
(OZKAN, K, 2014) ¹

SUSTAINABLE MODELS ARE NEEDED FOR SOCIAL INNOVATION TO BE TAKEN WHEREVER. THE MODELS MUST BE OPERATIONAL AND MAYBE STILL REQUIRE EXPERIENCE AND FAILURES TO BE WELL MATURED, BUT NO ONE HAS DOUBTS ABOUT ITS POTENTIAL.

¹ [HTTPS://WWW.RESEARCHGATE.NET/FIGURE/PROPORTIONS-OF-SOCIAL-CLASSES-WHEN-FORCED-TO-A-PYRAMID-SHAPE-SOURCE-ADAPTED-FROM_FIG4_278392750](https://www.researchgate.net/figure/PROPORTIONS-OF-SOCIAL-CLASSES-WHEN-FORCED-TO-A-PYRAMID-SHAPE-SOURCE-ADAPTED-FROM_FIG4_278392750)

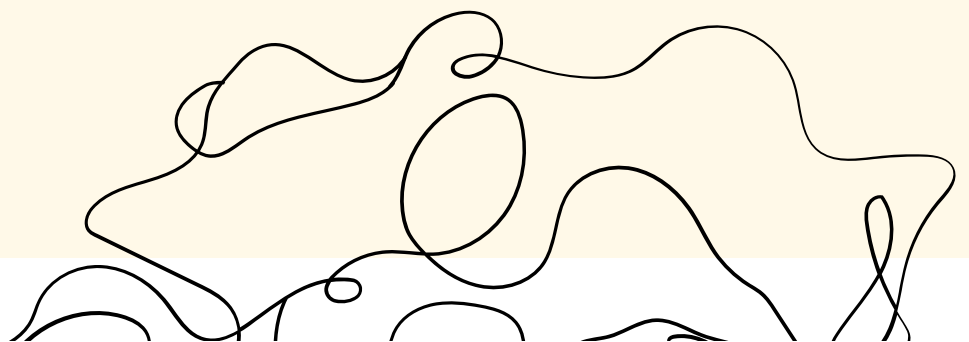
2.3.- CASES AND EXAMPLES

A) EXAMPLES OF SOCIAL INNOVATION AND BUSINESS

MICROCREDIT

YUNUS SAW THAT A SMALL BUSINESSPERSON (A FARMER WITH A MARGINAL LANDHOLDING, A WOMAN WITH A HOME-BASED BUSINESS OR A GROUP OF SMALL BUSINESSPEOPLE) IN A LESS DEVELOPED REGION AND IN NEED OF SMALL FINANCE WAS INSIGNIFICANT FOR THE TRADITIONAL FINANCIAL INSTITUTIONS. THIS PERSON HAD TO BORROW FROM THE LOCAL MONEYLENDER AT EXORBITANT RATES OF INTEREST AND THIS ALWAYS BROUGHT MORE DAMAGE THAN SOLUTION. SINCE THIS PERSON HAD NO PROPERTIES TO GUARANTEE THE LOAN, INSTITUTIONS WITH RESOURCES DIDN'T EVEN PAY ATTENTION TO HIM/HER. THIS KIND OF SMALL BUSINESSPERSON (OR JUST SELF-EMPLOYED) DOESN'T EXIST FOR CREDIT INSTITUTIONS.

MICROFINANCE AND MICROCREDIT INSTITUTIONS APPEARED IN THIS CONTEXT (WITH PUBLIC HELP MANY TIMES) TO LEND THE SMALL AMOUNTS THAT SUCH ENTREPRENEURS NEED. CERTAINLY, THESE PEOPLE ONLY NEEDED ACCESS TO SMALL CAPITAL WHICH WAS NEVER OFFERED TO THEM. WHEN THEY GOT IT, THEY STARTED TO PRODUCE PROFIT, PAY THE LOANS WITH INTEREST, PAY FOR THEIR LIVING, AND EVEN SAVE MONEY AND REINVEST IN THEIR ACTIVITY. THESE MICROCREDIT INSTITUTIONS WERE THE SOLUTION FOR MILLIONS OF PEOPLE.



THE MICROCREDIT REVOLUTION HAS BEEN PIONEERED BY THE NOBEL LAUREATE AND BANGLADESHI ENTREPRENEUR, MOHAMMED YUNUS WHO WITH HIS GRAMEEN BANK ENSURED THAT THOSE AT THE “BOTTOM OF THE PYRAMID” HAVE ACCESS TO CREDIT IN A MANNER THAT IS EASY, WITHOUT RED TAPE, AND ON TERMS THAT ARE CONGENIAL AND FAVORABLE TO THE BORROWERS.

MICROCREDIT HAS FOUND A WAY TO FINANCE SMALL ENTREPRENEURS DESPITE THE LACK OF TRUST THAT BANKING SYSTEM HAD ON THEM. WITH MICROCREDIT THEY RECEIVE LOANS WHEREIN EACH OF THEM STAND GUARANTEE FOR THE OTHERS. IN THIS WAY, THE MICROCREDIT AGENCIES ENSURE THAT THEY ARE MAKING LOANS TO A POOL OF BORROWERS INSTEAD OF INDIVIDUALS ALONE. MOREOVER, MICROCREDIT AGENCIES ALSO MAKE IT A POINT TO LEND FOR SHORTER DURATIONS AS WELL AS ENCOURAGE REPAYMENT BY EDUCATING AND ENLIGHTENING THE BORROWERS OF THE ADVANTAGES OF CREDIT REPAYMENT AND FURTHER ACCESS TO FUNDING.

FAILURES IN THE MICROCREDIT SYSTEM

MICROCREDIT CAN ALSO FAIL, ALTHOUGH IT HAS BEEN A PERFECT TOOL FOR MANY POOR PEOPLE TO LEAVE POVERTY ALL AROUND THE WORLD. BECAUSE OF MISMANAGEMENT, FRAUD AND OVERSTRETCHING OF THE LIMITS TO REPAY, SOME MICROCREDIT AGENCIES COLLAPSED TOGETHER WITH MANY BORROWERS IN BIG FINANCIAL PROBLEMS. MICROCREDIT AGENCIES MUST BE REGULATED AS WELL BY FINANCIAL AUTHORITIES. MOREOVER, THE GOVERNMENT MUST ALSO ENSURE THAT MICROCREDIT FOLLOWS STRICT RULES AND ARE NOT ONLY BASED ON THE GOOD WILL OF BOTH SIDES OF THE BUSINESS.

DESPITE THESE FAILURES, MICROCREDIT HAS CERTAINLY BEEN A REVOLUTION TO DEVELOP A PRODUCTIVE LIFE FOR THE POOR PEOPLE WITHIN A SOCIETY. BECAUSE OF THAT, TO IMPROVE IT AND TO MAKE IT EVEN BETTER, SOME MEASURES HAVE BEEN ADOPTED. A FINANCIAL SYSTEM IS PROTECTED WHEN ONLY A SMALL PERCENTAGE OF BORROWERS CAN'T AFFORD THEIR REPAYMENTS. THERE ARE SOME OTHER PEOPLE WHO CAN TAKE PROFIT FROM THE MICROCREDIT EVEN BEING ABLE TO GET FUNDS FROM THE TRADITIONAL FINANCIAL SYSTEM. MAYBE WITH LOWER RATES, BUT SOME EXPERIENCED ARTISANS OR SMES OR GROUPS OF PROFESSIONALS WITH A SOLIDARY DYNAMIC (COOPERATIVES, ASSOCIATIONS, ETC.) CAN WORK WITH MICROCREDIT AGENCIES AND MAKE THEM SAFER. BUT FOR MICROCREDIT TO GET DEVELOPED AND TO BE AN OPTION FOR MEDIUM ECONOMIES, SOME PROTECTIVE MEASURES MUST BE ADOPTED.

OTHER EXAMPLES OF SOCIAL BUSINESSES

- SOCIAL BITE: [HTTPS://SOCIAL-BITE.CO.UK/](https://social-bite.co.uk/)

SOCIAL BITE IS A RESTAURANT CHAIN THAT SUPPORTS THE SO-CALLED HOMELESS -HOMELESS PEOPLE- BY GIVING THEM EMPLOYMENT AND A PLACE TO LIVE TEMPORARILY. INSPIRED BY THE IDEAS OF MUHAMMAD YUNUS, ALICE THOMPSON AND JOSH LITTLEJOHN DECIDED TO FOLLOW IN YUNUS' FOOTSTEPS AND CREATE SOCIAL BITE. THIS SOCIAL BUSINESS DEVELOPS THE IDEA OF A RESTAURANT CHAIN THAT ALLOCATES THE PROFITS FROM ITS PRODUCTS TO HELP THE HOMELESS, PROVIDING THEM WITH DECENT WORK, FOOD, AND HOUSING SO THEY CAN HAVE A BETTER LIFE. THEY ALSO HAVE CREATED SOCIAL BITE ACADEMY TO REINTEGRATE PEOPLE WHO HAVE LIVED ON THE STREET WITH DIGNITY, THE EVENT SLEEP IN THE PARK INVITING PEOPLE TO

SPEND A NIGHT AWAY FROM HOME AND SLEEPING IN A PARK, AND THE SOCIAL BITE VILLAGE TO DEVELOP ABANDONED AREAS BY BUILDING HOUSES THAT CAN HOST MORE THAN 20 PEOPLE IN A PERIOD OF BETWEEN 12 AND 18 MONTHS.

- FOODLAB DETROIT: [HTTPS://FOODLABDETROIT.EXPOSURE.CO/](https://foodlabdetroit.exposure.co/)

FOODLAB DETROIT WAS FOUNDED IN 2013 WHEN A GROUP OF FOOD-LOVING WOMEN OBSERVED THAT THERE WERE PLENTY OF COOKS IN DETROIT OPERATING INFORMALLY FOR A LITTLE EXTRA CASH, BUT THAT PRODUCTION SPACE (LICENSED COMMERCIAL KITCHENS) WAS THEIR BIGGEST BARRIER TO ENTERING THE FORMAL ECONOMY.

THE CO-CREATORS OF FOODLAB DETROIT, FOUND A READY SOURCE OF KITCHENS: CHURCHES AND COMMUNITY CENTERS. THESE KITCHENS WERE UNDERUTILIZED AND WITH SOME MINOR ADJUSTMENTS, THEY COULD MEET THE STATE'S REQUIREMENTS AND WITH A SMALL GRANT SET UP A SYSTEM TO CONNECT ENTREPRENEURS WITH KITCHENS. TODAY, 235 DETROIT-AREA FOOD ENTREPRENEURS ARE MEMBERS OF FOODLAB, WHO REPRESENT MANY STAGES OF BUSINESS GROWTH.

ONE CAN SEE FOODLAB'S APPROACH AS ASSET-BASED COMMUNITY DEVELOPMENT, WHICH CREATES OPPORTUNITIES BASED NOT ON WHAT A PLACE IS LACKING, BUT ON WHAT IS ALREADY THERE. SIMPLY SAID, INSTEAD OF FOCUSING ON WHAT THEY DO NOT HAVE, THEY FOCUS ON WHAT THEY DO HAVE. FOODLAB SAW A SOURCE OF KITCHENS AS WELL AS PEOPLE WHO COULD GROW IF CONNECTED TO SPACES, TRAINING, AND ONE ANOTHER.

- TOHO : [HTTPS://TOHU.CA/EN/MISSION/TOHUS-MISSION](https://tohu.ca/en/mission/tohus-mission)

BASED ON A MISSION WITH THREE INTERCONNECTED COMPONENTS (CIRCUS - EARTH - HUMAN), TOHU IS A LABORATORY FOR SUSTAINABLE DEVELOPMENT THROUGH CULTURE.

ÉCOLE NATIONALE DU CIRQUE, THE TOHU IN MONTREAL, WHERE VARIOUS ORGANIZATIONS (CIRQUE DU SOLEIL, EN PISTE, AND, ALSO IN THE SAME DISTRICT, A RESIDENTIAL CENTRE FOR ARTISTS IN MONTREAL) HAVE CREATED A LOCAL COMPOUND OF CREATIVITY. THIS CREATIVE ECOSYSTEM HOSTS ARTISTS AND CULTURAL PRACTICES. MOREOVER, THE TOHU CARRIES OUT ACTIVITIES WITH AN IMPORTANT SOCIAL DIMENSION, WHICH SEEK TO AUGMENT THE CULTURAL CAPABILITY OF THE LOCAL COMMUNITY. NOT ONLY DOES THE TOHU AIM AT INTEGRATING VISIONS OF THE COMMUNITY, BUT IT IS THE PARTICIPATORY APPROACH FROM THE BEGINNING OF THE DEVELOPMENT OF THE SITE, WHICH PROMPTS HUMAN DEVELOPMENT AND SOCIAL INTERACTION (TEMBLAY AND PILATI, 2013, 73). FROM A GOVERNANCE PERSPECTIVE, THE TOHU GROUP ALSO COLLABORATES WITH MAJOR TERRITORIAL STAKEHOLDERS AND DEVELOPS PROJECTS IN COLLABORATION WITH THE CITY OF MONTREAL AND SEVERAL OTHER ORGANIZATIONS.

B) SOCIAL INNOVATION IN THE CULTURAL AND CREATIVE INDUSTRIES IN EUROPE

SOCIAL&CREATIVE INTERREGMED IS A TRANSNATIONAL COOPERATION PROGRAMME TO FOSTER CREATIVITY AND SOCIAL INNOVATION THANKS TO THE WORK OF PROMOTING CONNECTIONS AND INTERACTIONS BETWEEN LOCAL AND TRANSNATIONAL PARTIES AND NETWORKS.

WATCH: MEET - MEDITERRANEAN INNOVATION TALES

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=5W70PUWNBGK](https://www.youtube.com/watch?v=5W70PUWNBGK)

IN THE VISION OF THE SOCIAL&CREATIVE COMMUNITY, THE INDIVIDUAL PROJECTS OF CREATIVITY AND SOCIAL INNOVATION DEVELOPED BY PARTIES AND TERRITORIES, PROVIDE POINTS OF DEPARTURE AND NOURISHMENT FOR NEW POLICIES, REPLICABLE THROUGHOUT THE AREA TO CREATE A MEDITERRANEAN INNOVATION SYSTEM.

C) LOCAL SOCIAL ENTREPRENEURSHIP: CASES & EXAMPLES (SPAIN)

- PROYECTO LÁZARO: [HTTPS://WWW.PROYECTOLAZARO.ORG/](https://www.proyectolazaro.org/)

PROYECTO LÁZARO WAS BORN IN THE CITY OF ALICANTE IN 1994, INITIALLY AS A SMALL PROJECT TO MEET THE NEEDS OF A GROUP OF PEOPLE WITH DIFFICULTIES IN FINDING DECENT EMPLOYMENT, AND DETECTING THE POTENTIAL THAT THE MANAGEMENT OF SECOND HAND CLOTHING COULD HAVE FOR THIS PURPOSE.

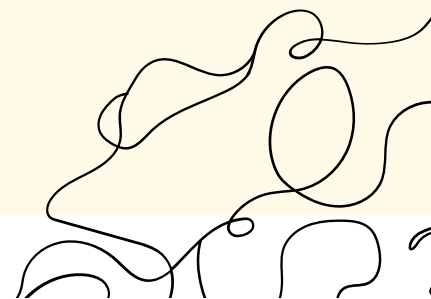
SINCE THEN, THEY HAVE BEEN DEVELOPING A WHOLE CIRCULAR ECONOMY AT THE SERVICE OF PEOPLE AND THE ENVIRONMENT, GENERATING WORK AND TRAINING SPACES WHERE WORKERS INCREASE THEIR KNOWLEDGE, SKILLS AND COMPETENCES TO GET AND KEEP A JOB, WHILE AT THE SAME TIME REDUCING DOMESTIC WASTE WITH THEIR WORK OF REUSE AND RECYCLING.



- TALLER TOPOTESIA - PLAYA 220:
 - [HTTPS://TALLERTOPOTESIA.COM/](https://tallertopotesia.com/)
 - [HTTPS://IMPULSACULTURAPROYECTA.COM/P-ITEM/PLAYA-220/#TOGGLE-ID-2-CLOSED](https://impulsaculturaproyecta.com/p-item/playa-220/#toggle-id-2-closed)
 - [HTTPS://ALICANTEPLAZA.ES/EL-TALLER-TOPOTESIA-AL-RESCATE-DE-LOS-MUNICIPIOS-EN-RIESGO-DE-DESAPARICION](https://alicanteplaza.es/el-taller-topotesia-al-rescate-de-los-municipios-en-riesgo-de-desaparicion)

TOPOTESIA STARTED AS AN ARCHITECTURE WORKSHOP FOR CHILDREN AND HAS BECOME AN ASSOCIATION THAT WORKS TO SHOW HOW THIS DISCIPLINE CAN HELP SOLVE SOCIAL PROBLEMS. THIS INITIATIVE OF THE ARCHITECT JAVIER MARTÍNEZ HAS BEEN THE FIRST WINNING PROJECT OF THE CONTEST FOR ENTREPRENEURS 'DOEACT_UA: TURN YOUR BUSINESS INTO REALITY' OF THE UNIVERSITY OF ALICANTE. IN ITS TWO YEARS OF EXISTENCE, IT HAS REACHED A NATIONAL DIMENSION WITH THE ORGANIZATION OF INITIATIVES ALWAYS LINKED TO THE USE OF ARCHITECTURE AS A SOCIAL TOOL.

THE PLAYA-220 PROJECT, DESIGNED BY TALLER TOPOTESIA, CONSISTS OF A MULTI-PLATFORM AND MULTIDISCIPLINARY PROJECT THAT COMBINES DIFFERENT INTERVENTIONS IN TOWNS ON THE VERGE OF DEMOGRAPHIC COLLAPSE WITH THE AIM OF REACTIVATING THEM SOCIALLY, ECONOMICALLY AND CULTURALLY, WITH ARCHITECTURE ACTING AS THE DIRECTOR OF THE REVITALISING MOVEMENT. PLAYA-220 FOCUSES ON REHABILITATING THE URBAN HERITAGE OF THE INTERVENTION SITES AND ACTIVATING IT THANKS TO MULTIDISCIPLINARY WORK WITH EXPERTS FROM OTHER PROFESSIONAL .



FIELDS, PROVIDING IT WITH A USE IN ACCORDANCE WITH THE 21ST CENTURY, A POSSIBILITY THAT CURRENT STRATEGIES, TECHNOLOGIES AND INFRASTRUCTURES ALLOW, THUS RETURNING POPULATION AND ACTIVITY TO THE MUNICIPALITIES AND COUNTIES THAT ARE THE OBJECT OF THEIR ACTIONS

- CASA DALMASES

- [HTTPS://WWW.HIPERSOCIAL.EU/CASA-DALMASES/](https://www.hipersocial.eu/casa-dalmases/)
- [HTTPS://WWW.HIPERSOCIAL.EU/GALERIA-DE-ARTE/](https://www.hipersocial.eu/galeria-de-arte/)

THE FOUNDATION CASA DALMASES IS AN ENTITY LOCATED IN CERVERA (CATALONIA) SPAIN, WHOSE HEADQUARTERS ARE LOCATED IN THE CASA DALMASES, AN 18TH CENTURY BUILDING-PALACE.

IT WAS CREATED TO RESPOND TO THE URGENT NEED OF THE TERRITORY TO CREATE EMPLOYMENT FOR PEOPLE AT RISK OF SOCIAL EXCLUSION. AT RISK OF SOCIAL EXCLUSION. SPECIFICALLY, PEOPLE WITH INTELLECTUAL DISABILITIES AND/OR MENTAL ILLNESS AND ALSO PEOPLE LIVING ON THE STREET.

IN ORDER TO CARRY OUT ITS MAIN PURPOSE, IN 2013 THE FOUNDATION PROMOTED THE CREATION OF A CRAFT BEER BREWERY ON THE GROUND FLOOR OF THE BUILDING. CERVERA IS SURROUNDED BY LARGE EXTENSIONS OF CEREAL CROPS (WHEAT AND BARLEY) AND THIS IS WHERE THE IDEA OF BREWING CRAFT BEER AROSE, LINKING THE ACTIVITY TO THE CRAFT BEER, LINKING THE ACTIVITY TO THE NATURAL ENVIRONMENT.

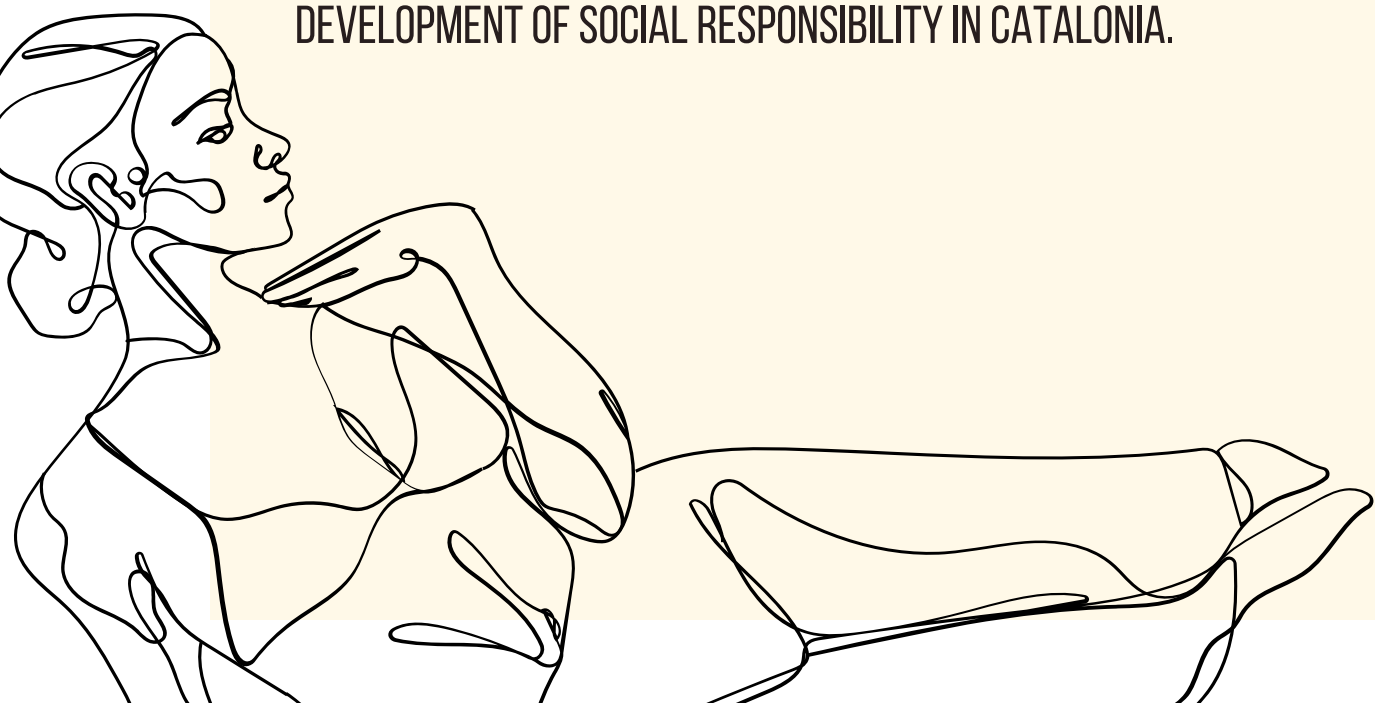


THE BREWERY IS LED BY A MASTER BREWER WHO IS IN CHARGE OF THE FORMULATION OF THE BEERS AND CONTROLS THE ENTIRE BREWING PROCESS. BEERS AND CONTROLS THE ENTIRE PRODUCTION PROCESS. WORKING WITH HIM ARE SIX PEOPLE WITH INTELLECTUAL DISABILITIES. THEY ARE RESPONSIBLE FOR BOTTLING, CLEANING AND LABELING THE BOTTLES.

CURRENTLY, FIVE BASIC RANGES OF BEERS OF DIFFERENT STYLES ARE PRODUCED AND, OCCASIONALLY, SOME SPECIAL EDITIONS.

THE FOUNDATION ALSO HAS AN ORCHARD, LOCATED A FEW METERS FROM CASA DALMASES, WHERE HOP PLANTS ARE GROWN, ONE OF THE RAW MATERIALS FOR MAKING BEER. THE GARDEN EMPLOYS ANOTHER TWO PEOPLE WITH INTELLECTUAL DISABILITIES AND/OR MENTAL ILLNESS.

AS A CRAFT BREWERY, THE CASA DALMASES FOUNDATION IS A MEMBER OF THE GUILD OF CRAFT BREWERS OF CATALONIA (GECAN) AND THE ASSOCIATION OF BREWERS OF LLEIDA (ACALL). IT ALSO BELONGS TO THE SOCIAL ECONOMY NETWORK (XES), THE LABOUR INSERTION NETWORK (XIL) AND THE RESPON.CAT ASSOCIATION, A BUSINESS INITIATIVE FOR THE DEVELOPMENT OF SOCIAL RESPONSIBILITY IN CATALONIA.



THE AIM OF EMPLOYING PEOPLE AT RISK OF SOCIAL EXCLUSION IS ALSO CARRIED OUT THROUGH AN ARTISAN CHOCOLATE WORKSHOP, LOCATED IN ANOTHER SPACE ON THE GROUND FLOOR OF THE BUILDING, LED BY A MASTER CHOCOLATIER. LED BY A MASTER CHOCOLATIER, WHICH EMPLOYS FIVE PEOPLE WITH INTELLECTUAL DISABILITIES, AND PRODUCES A WIDE RANGE OF CHOCOLATES, NOUGATS AND COCOA CREAMS. THIS PROJECT ALSO WORKS WITH SMALL PRODUCERS IN TWO REGIONS OF PERU, FROM WHOM COCOA IS BOUGHT AND SOLD AT A FAIR PRICE AND A RANGE OF CHOCOLATES KNOWN AS "BEAN TO BAR" IS MADE.

THE FOUNDATION ALSO HAS A REVITALISING PURPOSE IN THE AREA WHERE IT IS LOCATED AND COLLABORATES WITH OTHER LOCAL ENTITIES TO PROMOTE ACTIONS THAT BENEFIT ITS INHABITANTS. THE HOUSE DALMASES HOUSE, ON ITS MAIN FLOOR, ALSO HOSTS EXHIBITIONS OF WORKS OF ART (PAINTING AND SCULPTURE)

UNIT 3 – SOCIAL BUSINESS MODEL CANVAS

3.1.- CHANGES IN THE BMC

FROM CUSTOMER SEGMENTS TO SEGMENTS

SEGMENTS INCLUDE BENEFICIARIES WHO DON'T PAY FOR WHAT THEY GET. THERE IS NO PLACE FOR THEM IN THE REGULAR BUSINESS MODEL CANVAS

CUSTOMER RELATIONSHIPS DISAPPEARS

THERE IS NO MARKETING ON THIS. THE RELATIONSHIP MUST BE TRANSPARENT AND CLEARLY POSITIVE FOR THE BENEFICIARIES.

KEY PARTNERS TO PARTNERS AND KEY STAKEHOLDERS

THE STAKEHOLDER GETS RELEVANCE. PARTNERS ARE JUST COMING FROM THE NETWORK. STAKEHOLDERS COME TO THE SOCIAL BUSINESS BY SHARING COMMON INTERESTS AND RESPONSIBILITIES. THEY FRANKLY SUPPORT THE SOCIAL BUSINESS BECAUSE IT IS NOT LOOKING FOR PROFIT AMONG OTHER REASONS.

- NEW CONCEPTS

TYPE OF INTERVENTION

THIS REFERS TO THE ATTEMPT TO CHANGE A NON-DESIRABLE SITUATION TO IMPROVE IT OR PREVENT IT FROM GETTING WORSE. THERE ARE MANY TYPES OF SOCIAL INTERVENTIONS.

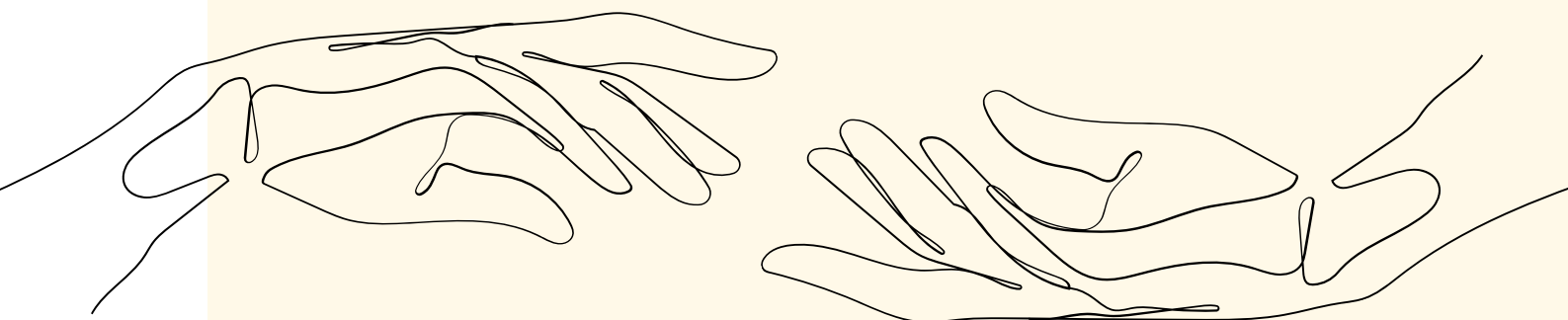
SURPLUS

PLAN AND COMMUNICATE WHAT HAPPENS WITH PROFITS AND WHERE THEY ARE GOING TO BE REINVESTED



HOW TO MANAGE WITH THE SBMC

- BRING YOUR TEAM TOGETHER TO DISCUSS YOUR IDEAS FOR THE VENTURE AND HOW YOU SEE IT WORKING.
- USE THE SOCIAL BUSINESS MODEL CANVAS TEMPLATE PROVIDED TO STRUCTURE YOUR CONVERSATION.
- START WITH THE MARKET AND VALUE ELEMENTS OF THE CANVAS (THE MOST IMPORTANT ELEMENTS), AND DON'T BE TEMPTED TO START FILLING IN THE CANVAS FROM LEFT TO RIGHT.
- CAREFULLY CONSIDER THE QUESTIONS SET OUT LATER IN THE FURTHER GUIDANCE SECTION.
- WRITE DOWN THE ANSWERS IN THE TEMPLATE OR USE STICKY NOTES.
- GET CREATIVE.
- CHALLENGE YOUR ASSUMPTIONS AS YOU GO ALONG. HOW DO YOU KNOW THAT WHAT YOU HAVE WRITTEN IN EACH PART OF THE CANVAS IS TRUE?
- WHAT EVIDENCE WOULD YOU NEED TO TEST YOUR ASSUMPTIONS?
- WHEN COMPLETED, TAKE STOCK AND CONSIDER THE WHOLE PICTURE. EXPLORE THE CONNECTIONS AND TRADE-OFFS BETWEEN EACH SECTION. IS THE OVERALL PICTURE PLAUSIBLE?
- ARE THERE THINGS THAT YOU NEED TO REVISIT OR THINK DIFFERENTLY ABOUT?



3.2.- IMPACT BUSINESS MODEL CANVAS TEMPLATE

VIDEO: [HTTPS://YOUTU.BE/GUIKKL4D6GO](https://youtu.be/GUIKKL4D6GO)

LINK TO TEMPLATE (TO DOWNLOAD):

[HTTPS://DOCS.GOOGLE.COM/DOCUMENT/D/1LXL-BG2XLA314SVVJ1SDST52LFIGX6VEQUEOGN76UF4/EDIT](https://docs.google.com/document/d/1LXL-BG2XLA314SVVJ1SDST52LFIGX6VEQUEOGN76UF4/edit)

YOUR VENTURE:

YOUR LEGAL STRUCTURE HYPOTHESIS:

Problem Statement				
Mission Statement				
Key Partners	Key Activities	Value Proposition	Stakeholder Relationships	Stakeholder Segments
	Key Resources		Channels	
Cost Structure			Revenue Streams	
Intended Impact				

THE IMPACT BMC² LEVERAGES THE BUSINESS MODEL CANVAS BY [STRATEGYZER.COM](https://strategyzer.com), WHICH IS LICENSED UNDER [CC BY-SA 3.0](https://creativecommons.org/licenses/by-sa/3.0/).

² [HTTPS://STANFORD.EDU/DEPT/GSB-DS/INKLING/THE_IMPACT_BMC/INDEX.HTML](https://stanford.edu/dept/gsb-ds/inkling/the_impact_bmc/index.html)

QUESTIONS TO FOCUS YOUR PROJECT IDEA

1) PROBLEM STATEMENT: WHAT IS THE PROBLEM YOU HAVE IDENTIFIED?

- HOW LARGE IS IT?
- HOW MANY PEOPLE ARE AFFECTED?
- IN WHAT GEOGRAPHIES?
- ARE ALL LAYERS OF SOCIETY AFFECTED EQUALLY?
- WHAT EXTERNAL FACTORS SURROUND THE PROBLEM AND MIGHT INFLUENCE YOUR STRATEGY AND OPERATIONS, E.G., THE ECONOMY, TECHNOLOGY, POLITICAL CONDITIONS, SOCIAL CONDITIONS, ETC.?

EXERCISE

TOOL: 3 WHYS

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=B-M3YLA2KDG](https://www.youtube.com/watch?v=B-M3YLA2KDG)

EXAMPLE: FINDING PROBLEMS IN THE CRAFT SECTOR.

[HTTPS://CEEIELCHE.EMPRENEMJUNTS.ES/?](https://ceeielche.emprenemjunts.es/?)

[OP=13&N=11873&CODMENU=4055](https://ceeielche.emprenemjunts.es/?op=13&n=11873&codmenu=4055)

*THERE IS A SIMILAR EXAMPLE IN THE POWERPOINT PRESENTATION (TOOLKIT):

[HTTPS://WWW.CANVA.COM/DESIGN/DAFBSFVFEXG/2N117IXWPIC25XQV-R9JXW/EDIT](https://www.canva.com/design/DAFBSFVFEXG/2N117IXWPIC25XQV-R9JXW/EDIT)



5 Whys

Notes sheet

Problem:

Why....

Why....

Why....

Why....

Why....

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Designed by the authors of Design Thinking. Make, Break, Repeat: A Handbook of Methods. ISBN 9781909197111
www.designthinkinginsights.com

SOURCE: [HTTPS://ES.SCRIBD.COM/DOCUMENT/423826858/5-WHYS-TEMPLATE-PDF](https://es.scribd.com/document/423826858/5-Whys-Template-PDF)

2) MISSION STATEMENT: WHY DOES YOUR VENTURE EXIST?

- POSSIBLE STRUCTURE:
- VERB + TARGET CLIENT + RESULT (SOLUTION)
- EXAMPLE: "PROVIDE DISABLED PEOPLE WITH NEW ABILITIES TO EXPRESS THEMSELVES"



3) STAKEHOLDERS SEGMENTS: FOR WHOM ARE YOU CREATING VALUE?

- WHO ARE THE MAIN STAKEHOLDERS TYPES?
- ARE THERE PARTICULAR “SEGMENTS” WITHIN EACH STAKEHOLDER TYPE?
- DESCRIBE THE STAKEHOLDERS TYPE(S) AND/OR SEGMENT(S) AND EXPLAIN THE NEED YOU ARE ADDRESSING FOR EACH? WHAT ARE THEIR MAIN DRIVERS AND BEHAVIORS?
- DO SOME STAKEHOLDERS ASSUME SEVERAL ROLES, E.G. ARE YOUR CUSTOMERS ALSO BENEFICIARIES, ARE YOUR FOUNDERS ALSO INVESTORS?

EXERCISE

WATCH VIDEO

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=EQZFIP1HZW](https://www.youtube.com/watch?v=EQZFIP1HZW)

EXAMPLE: BAKERY & CONFECTIONERY WORKSHOP

TOOL - STAKEHOLDER MAP:

[HTTPS://WWW.CANVA.COM/DESIGN/DAFBD-8Y8S8/OTGRLOQ6J6_Z4XP4R943A/EDIT](https://www.canva.com/design/DAFBD-8Y8S8/OTGRLOQ6J6_Z4XP4R943A/EDIT)

HOW TO USE THE TOOL:

- 1ST) BRAINSTORMING: FOR EXAMPLE... FAMILIES WITH CHILDREN/SCHOOLS/WORKSHOPS FOR THE TOWN HALL ACTIVITIES/TEAMBUILDING FOR COMPANIES/FOODIES-
- 2ND) PRIORITIZE THEM ACCORDING TO INTEREST AND POWER.
- 3RD) MAP THEM IN THE STAKEHOLDER MAP.

4) VALUE PROPOSITION: WHAT VALUE ARE YOU CREATING? HOW ARE YOU SOLVING A PROBLEM, SATISFYING A NEED, OR DELIVERING BENEFITS IN A NEW WAY?

- WHAT IS THE OFFERING(S) YOUR SOCIAL VENTURE OR PROGRAM WILL PROVIDE TO YOUR STAKEHOLDERS? IN THE SHORT-TERM? IN THE LONG-TERM?
- WHAT TYPE OF SERVICE OR PRODUCT ARE YOU OFFERING TO THE CUSTOMERS?
- HOW DO YOUR BENEFICIARIES, PARTNERS AND INVESTORS BENEFIT?
- WHAT IS THE EFFICACY THAT YOUR OFFERING OR SET OF OFFERINGS DELIVERS TO THE STAKEHOLDERS?
- WHAT IS THE MARKET CATEGORY OF THE PRODUCT OR SERVICE?
- WHAT MAKES YOUR BUSINESS OR OFFERING UNIQUE?
- HOW WILL YOU CREATE AND MAINTAIN COMPETITIVE ADVANTAGE?
- HOW DIFFERENT IS YOUR SOCIAL VENTURE OR PROGRAM FROM MARKET LEADERS?

5) CHANNELS: HOW ARE YOU REACHING YOUR STAKEHOLDER SEGMENTS TO DELIVER YOUR VALUE (THINK COMMUNICATION, DISTRIBUTION, SALES)?

-AWARENESS - DO WE RAISE AWARENESS OF PRODUCTS/SERVICES AND IMPACT?

-EVALUATION - HOW DO WE HELP CUSTOMERS EVALUATE OUR IMPACT VALUE PROPOSITION? WHAT EVIDENCE AND STORIES CAN WE/SHOULD WE SHARE?

-PURCHASE - CAN WE EXTEND THE WAY CUSTOMERS FIND AND PURCHASE OUR GOODS/SERVICES?

-DELIVERY - HOW CAN WE CONNECT OUR CUSTOMERS MORE EFFECTIVELY THROUGH OUR DELIVERY MECHANISMS?

-AFTER SALES - HOW CAN WE ENSURE THAT THEY WILL CHAMPION SOCIAL ENTERPRISE?

- WHAT CHANNELS ARE NECESSARY FOR INITIAL ADOPTION OF YOUR VALUE PROPOSITION?
- WHAT CHANNELS ARE MOST LIKELY TO REACH YOUR CUSTOMERS? YOUR BENEFICIARIES?
- WHAT CHANNELS ARE NECESSARY FOR RETAINING AND GROWING YOUR CUSTOMER AND BENEFICIARY STAKEHOLDERS?
- WHAT CHANNELS ARE COST EFFECTIVE AND ACHIEVE OPTIMAL REVENUE (OR EARNED INCOME) STREAMS.
- WHAT CHANNELS ARE NEEDED AT DIFFERENT POINTS OF THE SALES CYCLE?

6) STAKEHOLDER RELATIONSHIP: WHAT TYPE OF RELATIONSHIP ARE YOU ESTABLISHING WITH EACH STAKEHOLDER CUSTOMER SEGMENT TO DELIVER YOUR VALUE?

- HOW INTIMATE DOES THE COMPANY'S RELATIONSHIP NEED TO BE WITH EACH STAKEHOLDER?
- HOW MUCH "HAND-HOLDING" AND/OR "EDUCATION" DOES EACH OF YOUR STAKEHOLDERS NEED?
- DO YOUR STAKEHOLDERS VALUE/NEED PERSONAL INTERACTION AND/OR ARE THEY COMFORTABLE WITH MACHINE INTERACTION?
- WHICH STAKEHOLDERS NEED THE MOST NURTURING IN ORDER TO MEET YOUR SOCIAL AND ECONOMIC OBJECTIVES?

7) -KEY RESOURCES: WHAT ARE THE MOST IMPORTANT ASSETS REQUIRED TO MAKE YOUR BUSINESS MODEL WORK?

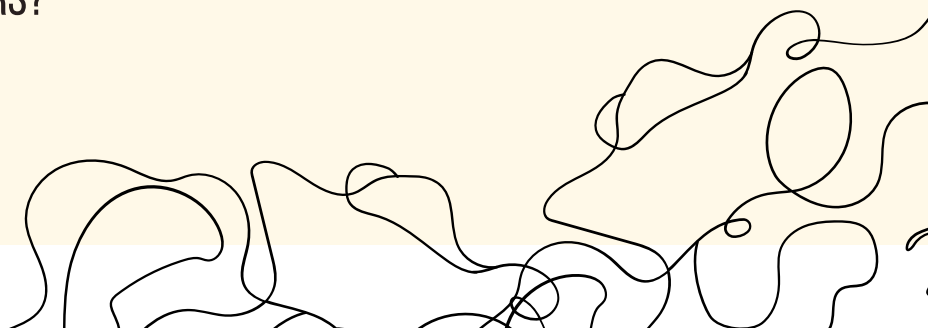
- WHAT TANGIBLE OR INTANGIBLE ITEMS ARE NECESSARY FOR YOUR BUSINESS OR PROGRAM TO BE SUCCESSFUL?
- DOES YOUR BUSINESS OR PROGRAM REQUIRE SPECIALIZED TALENT, MATERIAL, LAND, BUILDING, SYSTEMS, TECHNOLOGY, INTELLECTUAL PROPERTY, AND/OR MACHINERY?
- WHICH RESOURCES ARE YOUR BIGGEST COSTS AND/OR HARDEST TO ACQUIRE?

8) KEY ACTIVITIES: WHAT ARE THE MOST IMPORTANT ACTIONS YOU MUST TAKE TO MAKE YOUR BUSINESS MODEL WORK?

- WHAT ARE THE MOST IMPORTANT TASKS THAT YOUR COMPANY NEEDS TO PERFORM IN ORDER TO PROVIDE THE VALUE PROPOSITIONS TO YOUR STAKEHOLDERS? IN THE SHORT-TERM? IN THE LONG-TERM?
- WHAT HIGH LEVEL ACTIONS ARE NECESSARY TO DESIGN, LAUNCH, PROVIDE AND SUPPORT YOUR OFFERING(S)?

9) KEY PARTNERS: WHAT NETWORK OF SUPPLIERS AND PARTNERS MAKE YOUR BUSINESS MODEL WORK?

- WHO (OR WHAT TYPE) ARE YOUR CURRENT AND/OR FUTURE KEY INFORMAL PARTNERS?
- WHO (OR WHAT TYPE) ARE YOUR CURRENT AND/OR FUTURE KEY FORMAL PARTNERS?



- WHAT DO THESE PARTNERS PROVIDE FOR YOUR SOCIAL VENTURE OR PROGRAM?
- WHAT VALUE DO YOU PROVIDE THESE PARTNERS?
- WHAT IS THE DEPTH OR NATURE OF YOUR PARTNERSHIP?

10) REVENUE STREAMS: KEEPING IN MIND PROFIT POTENTIAL, WHAT REVENUE(S) ARE YOU GENERATING FROM EACH STAKEHOLDER SEGMENT FOR YOUR VALUE?

- THROUGH WHAT TYPE OF REVENUE STREAM ARE CUSTOMERS, BENEFICIARIES OR INVESTORS PAYING FOR OPERATIONS, SERVICE AND/OR PRODUCT?
- ARE THE REVENUE STREAMS BASED ON A FIXED PRICE OR ARE THEY VARIABLE BASED ON MARKET CONDITIONS?
- ARE THE REVENUE STREAMS BASED ON ONE TIME TRANSACTIONS OR ARE THEY BASED ON LONG-TERM VALUE OF RECURRING REVENUE?
- ARE THE REVENUE STREAMS IN SMALL INCREMENTS OR LARGE SUMS?

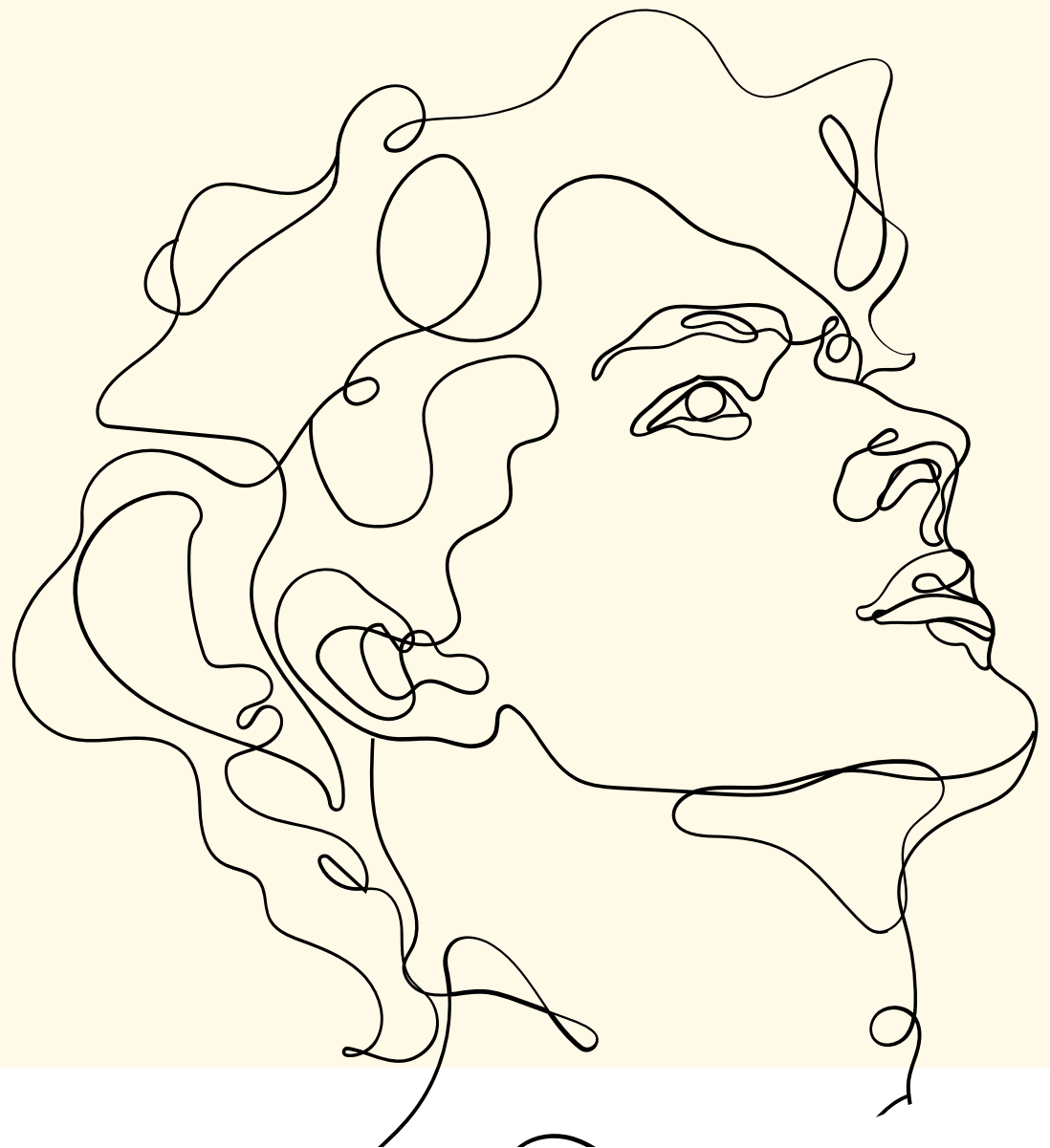
11) COST STRUCTURE: KEEPING IN MIND PROFIT POTENTIAL, WHAT ARE THE MOST IMPORTANT COSTS INHERENT IN YOUR BUSINESS MODEL AND HOW WILL YOU MINIMIZE THEM?

- WHAT ARE THE CRITICAL EXPENSES THAT YOUR SOCIAL VENTURE OR PROGRAM WILL INCUR TO START OPERATING AND GAIN STAKEHOLDER TRACTION?



12) INTENDED IMPACT: HOW MUCH OF THE IDENTIFIED NEED ARE YOU HOLDING YOUR VENTURE ACCOUNTABLE TO RESOLVE AND IN WHAT TIMEFRAME?

- QUANTIFY THE SOCIAL OR ENVIRONMENTAL PROBLEM THAT YOUR BUSINESS IS ADDRESSING.
- HOW LARGE IS THE POTENTIAL ECONOMIC OPPORTUNITY OF YOUR VALUE PROPOSITIONS?
- WHAT IS THE SIZE OF THE ADDRESSABLE CUSTOMER SEGMENTS AND BENEFICIARIES?
- WHAT ARE THE APPROPRIATE UNITS OF MEASURE FOR THE IMPACT AND FINANCIAL OBJECTIVES?
- HOW MUCH OF THE OPPORTUNITY CAN YOU EFFECT OR CAPTURE?



QUIZ

STATE TRUE/FALSE FOR THE FOLLOWING SENTENCES:

1. SOCIAL ENTREPRENEURSHIP DOESN'T NEED TO MAKE A PROFIT
2. SOCIAL ENTREPRENEURS ARE CONSIDERED AS POSITIVE CHANGEMAKERS IN SOCIETY
3. SOCIAL ENTREPRENEURS RAISE CAPITAL MORE EASILY
4. THEIR SERVICES ARE BETTER DESIGNED TO SUIT THE NEEDS OF THE INDIVIDUAL OR THE PROBLEM
5. COST-EFFECTIVENESS IS ANOTHER ADVANTAGE OF A SOCIAL ENTERPRISE
6. IT IS ALSO EASIER TO GET GOOD STAFF AT LOWER SALARIES COMPARED TO OTHER INDUSTRIES.
7. INVESTORS IN A SOCIAL BUSINESS ARE DISALLOWED TO TAKE MONEY BEYOND THEIR INVESTMENT



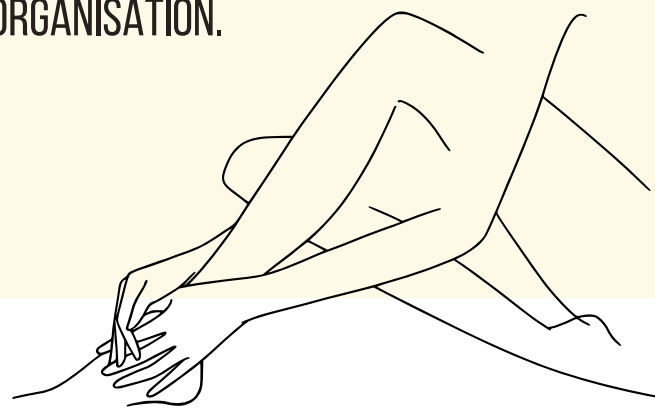
MODULE 12: FUNDRAISING AND MICROCREDIT

UNIT 1 – THE CONCEPT OF FUNDRAISING

1.1. WHAT IS FUNDRAISING

FUNDRAISING IS THE SET OF ACTIONS TO RAISE THIRD PARTY CAPITAL TO SUPPORT A PROJECT OR A CAUSE, WHICH USUALLY HAS A SOCIAL AIM. IN THIS CASE, "DONORS" ARE INDIVIDUALS OR COMPANIES THAT CHOOSE TO FINANCE A BUSINESS IDEA BECAUSE THEY SHARE ITS AIMS AND VISION.

THE MOST COMMON IDEA OF FUNDRAISING IS THAT THE LESS MONEY IS SPENT TO RAISE CAPITAL, THE MORE EFFECTIVE AND EFFICIENT THE ORGANISATION IS. THIS IS NOT ALWAYS THE CASE, IN FACT IT IS IMPORTANT TO INVEST IN THE INTERNAL CAPACITY TO RAISE FUNDS, IN ORDER TO HAVE THE ABILITY TO FINANCE ITSELF AND OPERATE AT ITS BEST IN THE LONG TERM. THEREFORE, INVESTING IN FUNDRAISING, EVEN MORE THAN WHAT IS RAISED AS DONATIONS, IS NOT SYNONYM OF POOR MANAGEMENT OF THE ACTIVITY; ON THE CONTRARY, IT IS AN INVESTMENT IN THE FUTURE OF THE ORGANISATION, WHICH WILL HAVE COMPETENT EMPLOYEES AND VOLUNTEERS, QUALIFIED AND WITH GOOD SOFT SKILLS, WHO, IN THE LONG TERM, WILL BE ABLE TO CONVINCE PEOPLE TO INVEST IN YOUR ORGANISATION.



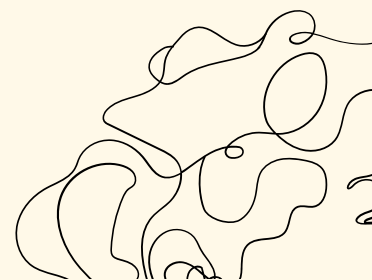
IN THE SPECIFIC FIELD OF CULTURE AND CREATIVITY, FUNDRAISING IS PARTICULARLY SUITABLE FOR START-UPS, WHICH NEED AN INITIAL CAPITAL TO ACCESS THE MARKET AND FIND THEIR FINANCIAL SUSTAINABILITY, OR FOR NON-PROFIT ORGANISATIONS THAT DO NOT SELL GOODS OR SERVICES AND THAT NEED CONTINUOUS DONATIONS TO FINANCE THEIR ACTIVITIES.

1.2. THE THREE STEPS OF FUNDRAISING ¹

A) LOOKING FOR NEW SPONSORS

THIS IS PROBABLY THE MOST DIFFICULT AND COMPLICATED PHASE, ESPECIALLY IF YOUR ORGANISATION HAS JUST STARTED, BUT YOU HAVE AN EXTRA WEAPON THAT ORGANISATIONS ALREADY OPERATING ON THE MARKET MAY BE LOSING, WHICH IS THE PASSION OF SOMEONE WHO HAS CREATED SOMETHING NEW. BUT FIRST THINGS FIRST.

A NEW DONOR IS SOMEONE WHO DONATES TO YOUR ASSOCIATION FOR THE FIRST TIME, AND THE REASONS MAY BE VERY DIFFERENT, BUT HAVING THE POSSIBILITY TO UNDERSTAND WHY HE OR SHE HAS SUPPORTED YOUR ORGANISATION IS A FIRST WAY OF DOING FUNDRAISING CORRECTLY. ACCORDINGLY, FROM THE VERY BEGINNING, GATHERING AS MUCH INFORMATION AS POSSIBLE ABOUT YOUR TARGET AUDIENCE IS A FIRST STEP TOWARDS GOOD FUNDRAISING.



¹ FUNDRAISING - THE MOST COMPLETE MANUAL FOR FUNDRAISING, BY VALERIO MELANDRI, MAGGIOLI EDITORE, [2017]

HOWEVER, THE SEARCH FOR NEW DONORS TENDS TO BE A VERY COSTLY ACTIVITY AND IT IS ALMOST ALWAYS LOSS-MAKING, BECAUSE NOT ALL THE PEOPLE THAT YOU CONTACT OR WHO HAVE SHOWN INTEREST IN YOUR MISSION WILL ACTUALLY DONATE. POTENTIAL NEW DONORS CAN BE CONTACTED THROUGH A LETTER HOME, BY COLLECTING THEIR DETAILS AT EVENTS AND FAIRS OR AT YOUR OWN STALLS, OR THEY CAN BE PEOPLE WHO HAVE CALLED YOU FOR MORE INFORMATION; WE WILL THEN SEE WHICH CHANNEL IS THE MOST SUITABLE FOR EACH TARGET DONOR. IT IS NORMAL THAT FOLLOWING UP THESE PEOPLE UNTIL THEY COME TO DONATE IS A COST, AND UNFORTUNATELY MANY TIMES THE DESIRED RESULT IS NOT ACHIEVED, BUT EVEN IF INITIALLY THE ACTIVITY CARRIED OUT WILL BE AT A LOSS, DO NOT DESPAIR BECAUSE THE NEXT STEP IS THE MOST IMPORTANT ONE.

BJ RAISING THE AVERAGE DONATION

ONCE THE PERSON, OR THE COMPANY, HAS GONE FROM "POTENTIAL DONOR" TO "DONOR", THERE COMES A DECISIVE MOMENT, SINCE IT IS NECESSARY TO ASK TO RAISE THE AVERAGE DONATION, IN ORDER TO INCREASE THE AMOUNT OF FUNDS RAISED. ONE THING MUST BE CLEAR: YOU MUST NOT CONTINUALLY LOOK FOR NEW DONORS, WHICH IS AN EXPENSIVE AND RISKY BUSINESS. YOU NEED TO BE ON THE SAFE SIDE AND AVOID LONG DAYS WHEN YOU MIGHT NOT GET ANYTHING. IT IS MUCH LESS EXPENSIVE TO CONTACT EXISTING DONORS AND ASK THEM TO DONATE MORE THAN TO LOOK FOR NEW POTENTIAL DONORS. ASKING THEM TO CONTRIBUTE MORE IS NOT THE SAME AS TRYING TO GET THEM MORE INVOLVED IN THE ORGANISATION, BUT JUST TRYING TO GET THEM TO INCREASE THEIR CONTRIBUTION. CERTAINLY NOT EVERYONE WILL RESPOND TO YOUR CALL, BUT THE COST OF SOLICITING THEM IS LESS THAN THE COST OF FINDING NEW DONORS.

CJ RAISING THE FREQUENCY OF THE DONATION

THE THIRD AND FINAL STEP TO GROW FUNDRAISING AND THUS TO OBTAIN MORE FUNDS IS TO USE ALL AVAILABLE METHODS TO GET THE DONOR TO DONATE AS MANY TIMES AS POSSIBLE. ONCE A CIRCLE OF DONORS, WHO HAVE DONATED AT LEAST MORE THAN ONCE, HAS BEEN CREATED, THE ORGANISATION HAS TO MAKE SURE THAT THESE PEOPLE ARE ENCOURAGED TO DONATE MORE, BECAUSE IF THEY ARE WILLING TO DONATE, THEY ARE PROBABLY ALSO WILLING TO GIVE MORE.

IN SUMMARY, THIS IS THE PATH TO A SUCCESSFUL FUNDRAISING: INCREASE THE NUMBER OF DONORS AT ANY COST WITHOUT GETTING DOWN ON YOURSELF, INCREASE THE AVERAGE DONATION OF THOSE WHO ARE ALREADY DONORS AND TAKE CARE OF EVERY DONOR, GETTING THEM TO DONATE MORE FREQUENTLY.

1.3 THE INVOLVEMENT OF THE DONOR

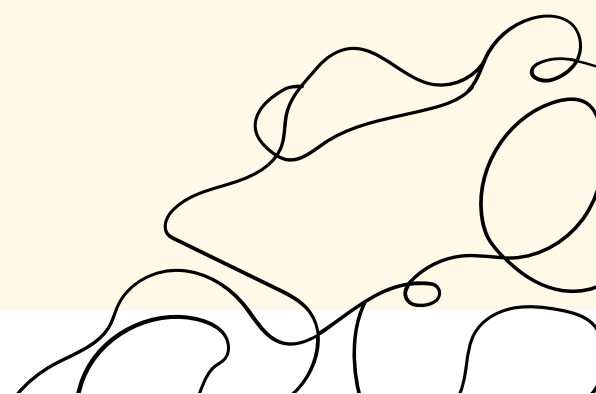
IT IS UNREALISTIC TO THINK THAT ALL DONORS WILL STAY WITH YOU FOREVER, IT IS THE NATURAL ORDER OF THINGS THAT SOONER OR LATER SOME OF THEM WILL STOP FUNDING YOUR MISSION, SO IT IS UP TO THE ENTREPRENEUR/ORGANISATION TO MAKE SURE THAT THIS DROP-OUT RATE IS AS LOW AS POSSIBLE, AND SOME SOLUTIONS ARE TO GIVE ATTENTION AND INVOLVE THEM WITHIN YOUR ORGANISATION ALSO AS VOLUNTEERS. THE AIM IS TO MAKE THEM BUILD A RELATIONSHIP WITH YOUR ORGANISATION, BY TRYING TO TIE THEM TO YOU AS MUCH AS POSSIBLE BECAUSE FUNDRAISING IS

NOT JUST ASKING FOR MONEY BUT BUILDING SOMETHING TOGETHER. THE CONCEPT OF INVOLVEMENT CAN BE SCHEMATISED WITH THE DONOR PYRAMID, WHICH SHOWS THE CONCEPTS EXPRESSED SO FAR IN A SIMPLE AND GRAPHIC WAY.



FIG.1 DONOR PYRAMID

THE BASE OF THE PYRAMID IS THE FIRST STEP. IN FACT, LOOKING FOR NEW DONORS REQUIRES A LOT OF EFFORTS AND THE LIKELIHOOD OF PEOPLE DONATING AND THE AMOUNT OF WHAT PEOPLE GENERALLY DONATE IS VERY LOW, AS THEY DO NOT KNOW YOU YET. DONORS HAVE LITTLE INVOLVEMENT AND YOU ALSO RUN THE RISK OF NOT SEEING THEM AGAIN AND LOSING THEM, SO THAT ONE REMAINS THEIR ONLY DONATION TO YOU.



1.4 MISSION STATEMENT AND E.R.O.I. MODEL (EMERGENCY, RISK, OPPORTUNITY, INVESTMENT)

MISSION IS A TERM THAT HAS ALREADY COME UP, BUT WE HAVE NOT EXPLAINED IT WELL YET, NOW IT IS TIME TO BRING IT UP AGAIN. AN ORGANISATION THAT IS BORN MUST HAVE A CLEAR IDEA OF ITS PURPOSE AND VALUES AND IT HAS TO BE ABLE TO TRANSMIT AND COMMUNICATE THEM; USUALLY THE MISSION IS EXPRESSED THROUGH A SERIES OF SENTENCES. YOU DO NOT HAVE TO SAY WHAT THE ORGANISATION DOES, BUT YOU HAVE TO EXPLAIN WHY IT EXISTS AND THE SYSTEM OF VALUES IN WHICH IT BELIEVES. IT HAS TO BE A GOOD LINE THAT MAKES DONORS REALIZE IF THEY ARE INTERESTED IN THE TOPIC OR NOT. A GOOD MISSION STATEMENT IS ALREADY A FIRST WAY OF DOING FUNDRAISING BECAUSE IT CAN PUT YOU IN CONTACT ON A DEEPER LEVEL WITH POTENTIAL DONORS. IT IS DIFFICULT TO CREATE A GOOD MISSION, BUT HERE IS A SCHEMATIC TABLE WITH PRACTICAL STEPS TO CREATE ONE FROM SCRATCH.

QUESTIONS	EXAMPLE OF ANSWERS
Define the main value the organisation believes in	<i>Self-sufficiency, independence and self-esteem are the rights of all people.</i>
Describe the conditions that prevent this value from asserting itself	<i>Alcohol and drugs prevent some people from affirming these values</i>
Briefly explain what is needed to solve the problem posed in step 2	<i>Organisation X believes that alcoholism and drug addiction can only be parentheses in life</i>
State that your organisation does a lot to solve the problem mentioned in point 2 and it is able to undertake the solution mentioned in point 3.	<i>It believes that offering treatment to alcoholics and drug addicts is right, true and important</i>

TABLE 1. FUNDRAISING - THE MOST COMPLETE MANUAL FOR FUNDRAISING, BY VALERIO MELANDRI, MAGGIOLI EDITORE, [2017]

USING THESE ANSWERS, IT BECOMES EASY TO WRITE A MISSION STATEMENT LIKE THIS: 'SELF-SUFFICIENCY, INDEPENDENCE AND SELF-ESTEEM ARE THE RIGHTS OF ALL PEOPLE. YET, EVEN TODAY, MANY PEOPLE FALL VICTIM TO ALCOHOL AND DRUGS AND THEY LOSE ALL SELF-ESTEEM: OFTEN THEY WOULD LIKE TO GET TREATMENT BUT THEY DO NOT KNOW WHERE TO TURN. ASSOCIATION X BELIEVES THAT FREE THERAPIES ARE THE BEST CHANCE FOR ALL ALCOHOLICS AND DRUG ADDICTS TO BE FULLY REINTEGRATED INTO SOCIETY AND TO REGAIN A SENSE OF RESPONSIBILITY AND AWARENESS OF THE VALUE OF THE HUMAN BEING. IT IS NOT COMPULSORY TO FOLLOW SUCH A SCHEME, BUT IT IS ADVICE.

IN GENERAL, IT IS DIFFICULT TO ASK PEOPLE TO DONATE, IMAGINE YOURSELF IN FRONT OF A BLANK SHEET OF PAPER WRITING TO PEOPLE YOU DO NOT EVEN KNOW TO FINANCE YOUR CAUSE; TO OVERCOME THIS DIFFICULTY, THE E.R.O.I. MODEL WAS CREATED, A TOOL TO HELP YOU WRITE A CASE.



FIG. 2 E.R.O.I. MODEL

EMERGENCY: IT IS SOMETHING NEGATIVE THAT IS HAPPENING RIGHT NOW THAT YOUR DONOR IS CALLED UPON TO SOLVE THROUGH THEIR DONATION, IT CAN BE A FLOOD, AN EARTHQUAKE, A HEALTH EMERGENCY AND SO ON. IT IS THE MOST EMOTIONAL PHASE OF THIS SCHEME, A GREAT EXAMPLE OF THIS ARE THE ANNOUNCEMENTS WE LISTEN TO WHEN UPLOADING VIDEOS WHERE THERE ARE VOICES THAT IMMEDIATELY START EXPOSING A PROBLEM AND ASKING US TO HELP DO SOMETHING.

RISK: IT IS SOMETHING NEGATIVE THAT MIGHT HAPPEN TOMORROW. THE RISK COMES AFTER THE EMOTION, BUT THE LATTER IS STILL PRESENT, BECAUSE IT IS AN EVENT THAT PROMISES TO BE DANGEROUS BUT THE EXTENT OF WHICH IS NOT YET KNOWN. YOU HAVE TO SHOW HOW THE WORLD COULD BE BETTER THANKS TO YOUR ACTION AND WITH THE SUPPORT OF YOUR DONORS.

OPPORTUNITY: IT IS THE POSITIVE THINGS THAT HAPPEN TODAY. IT MEANS THAT IF YOU DONATE NOW, THERE IS STILL TIME TO DO SOMETHING. YOU HAVE TO MAKE PEOPLE UNDERSTAND THE NEED FOR AN ACTION THAT CANNOT BE POSTPONED AND THAT CAN LEAD TO A BETTER FUTURE.

INVESTMENT: IT IS SOMETHING POSITIVE THAT CAN HAPPEN TOMORROW THANKS TO THE CONTINUOUS HELP OF PEOPLE. USUALLY THIS IS THE PART WHERE YOU TRY TO BUILD DONOR LOYALTY TO THE CAUSE YOU ARE WORKING FOR.

THIS MODEL IS WIDELY USED IN THE CALL TO ACTION OF DIFFERENT ORGANISATIONS.

EXERCISE

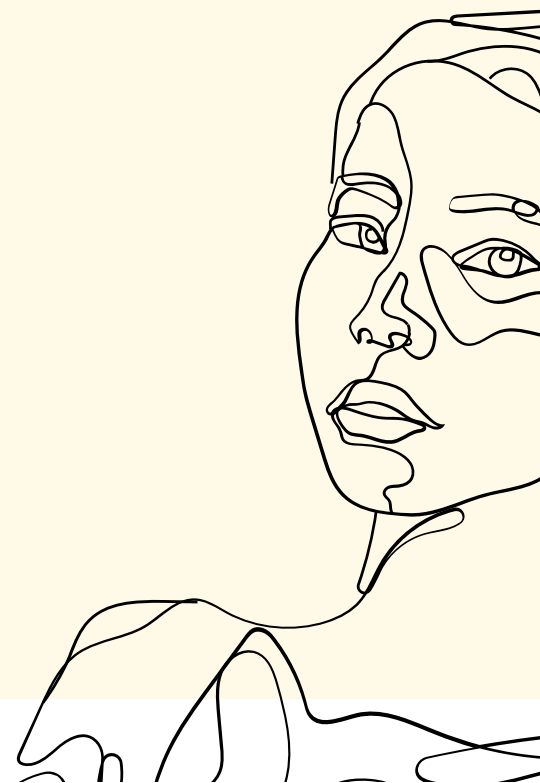
WITH THE HELP OF THE EROI MODEL, THE STUDENT DEVELOPS AN EXPRESSION OF THE FUNDRAISING CASE OF A NON-PROFIT ORGANISATION. THIS PARAGRAPH(S) SHOULD ENCAPSULATE THE ESSENCE OF WHY THE ORGANISATION IS ASKING FOR DONATIONS FOR ITS ANNUAL FUNDRAISING.

1.5 INDIVIDUAL FUNDRAISING

THERE ARE TWO MAIN AUDIENCES OF DONORS, EACH REQUIRES ITS OWN TECHNIQUES TO ACHIEVE DONATIONS. THE FIRST AND BEST KNOWN IS MADE OF PEOPLE (INDIVIDUAL FUNDRAISING), WHILE THE SECOND IS THAT OF COMPANIES, (CORPORATE FUNDRAISING). BELOW WE WILL ANALYSE THE FIRST TARGET GROUP, THE PEOPLE.

THERE ARE MANY DIFFERENT CHANNELS TO REACH THIS TARGET GROUP, ACCORDING TO WHETHER IT IS A ONE-TO-ONE REQUEST OR A ONE-TO-MANY REQUEST. WHAT ARE THESE CHANNELS?

1. PERSONALISED LETTER AND DIRECT MAIL
2. FACE TO FACE
3. TELEPHONE CALLS
4. TELEMARKETING (CALL CENTER)
5. FUNDRAISING EVENTS
6. DOOR TO DOOR
7. ADVERTISING SPACE/INTERNET BANNERS
8. CROWDFUNDING

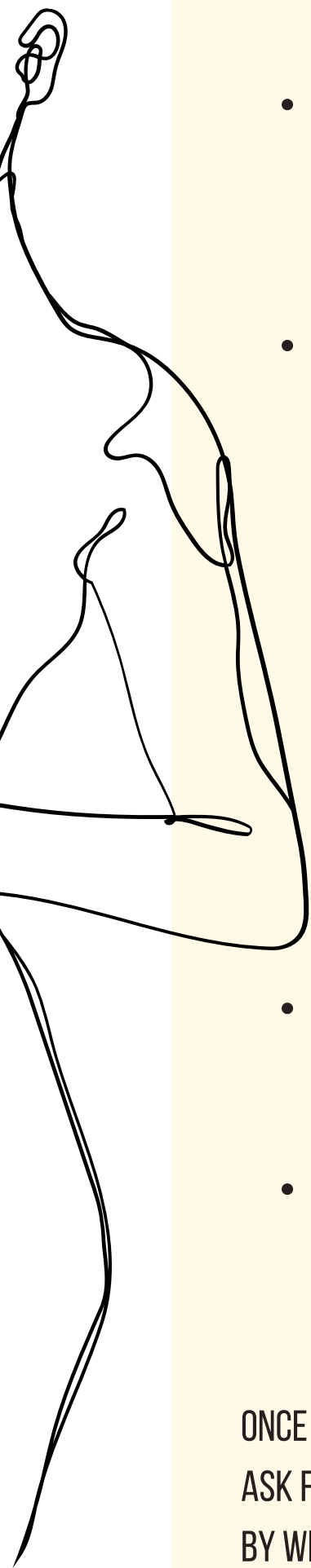


NEXT, WE WILL ANALYSE ONLY THE MOST USED METHODS, AS WELL AS THE MOST SUITABLE ONES TO APPLY IN THE CONTEXT OF ART AND CULTURE: THE PERSONALISED LETTER, FACE-TO-FACE, EVENTS AND CROWDFUNDING.

1.5.1 PERSONALISED LETTER AND DIRECT MAIL

THE DIRECT MAILING METHOD INVOLVES SENDING A PHYSICAL LETTER TO THE TARGET GROUP WITH A SPECIFIC DONATION REQUEST. DESPITE THE ADVENT OF TECHNOLOGY, EXPERTS HAVE SHOWN THAT A TRADITIONAL LETTER IS STILL MORE EFFECTIVE THAN EMAIL, DUE TO THE ABILITY OF LETTERS TO CONVEY EMOTIONS AND FEELINGS, IN ADDITION TO THE FACT THAT IT REMAINS MORE IMPRINTED IN THE MEMORY THAN AN EMAIL THAT WE GENERALLY CONSIDER AS SPAM. THE DIFFICULTY WITH THIS CHANNEL IS THAT IT REQUIRES A LARGE BUDGET TO ACQUIRE THE NAMES OF THE DONORS, TO PREPARE THE PACKAGING AND TO SEND IT OUT, NOT TO MENTION THE TIME IT TAKES TO DO SO. THEREFORE, THIS METHOD OF FUNDRAISING IS MORE SUITABLE FOR ESTABLISHED, STRUCTURED ORGANISATIONS WITH MULTI-YEAR BUDGETS. THE CONSTRUCTION OF A LETTER REQUESTING A DONATION OR A CONTRIBUTION CONSISTS OF SOME ESSENTIAL CONTENTS:

- **TARGET:** IT IS THE ELEMENT THAT WILL DETERMINE THE SUCCESS OF YOUR CAMPAIGN, YOU NEED TO FIND PEOPLE WHO ARE INTERESTED IN YOUR WORK AND WHO ALSO DONATE TO OTHER SIMILAR CAUSES.
- **OUTER ENVELOPE:** LEAVE NOTHING TO CHANCE, THE ENVELOPE MUST BE CAREFULLY DESIGNED, AND IT MUST HAVE ATTRACTIVE GRAPHICS. YOU MUST LOOK FOR A REASON FOR THE POTENTIAL DONOR TO OPEN THE ENVELOPE, SUCH AS ATTRACTIVE IMAGES OR SMALL GADGETS THAT YOU WANT TO GIVE.



- GIFT: IF YOU HAVE THE OPPORTUNITY, IT IS A GREAT WAY TO INGRATIATE YOURSELF WITH PEOPLE; IT CAN BE ANY TYPE OF OBJECT, IN LINE WITH YOUR AND THEIR VALUES, AS LONG AS IT ACHIEVES THE GOAL.
- THE TEXT OF THE LETTER: THE ABSOLUTE PRINCIPLE OF THE LETTER TEXT IS THAT IT HAS TO BE EMOTIONAL, YOU HAVE TO WRITE FOR SOMETHING YOU BELIEVE IN AND TRANSMIT THE MESSAGE, NOT EVERYONE IS ABLE TO WRITE SUCH A LETTER PERSUASIVELY. STORIES THAT WORK ARE USUALLY CONSTRUCTED THIS WAY:
 - THERE IS A BEGINNING WHICH ILLUSTRATES THE PROBLEM TO ADDRESS.
 - THEN THE DIFFICULTIES AND STRUGGLES YOU FACE ON A DAILY BASIS ARE DESCRIBED.
 - FINALLY, YOU CONCLUDE INDICATING HOW THE PROBLEM CAN BE SOLVED AND WITH A CALL TO ACTION.
- PICTURES: DON'T FORGET THE POWER OF PICTURES, THEY USUALLY REMAIN MORE IMPRINTED THAN ALL THE BEAUTIFUL WORDS YOU HAVE WRITTEN IN THE LETTER.
- PAYING-IN SLIP: THE PRESENCE OF A PRE-FILLED POSTAL BULLETIN FACILITATES THE DONATION PROCESS AND ENCOURAGES THE DONOR TO CONTINUE.

ONCE YOU HAVE OBTAINED THE DONATION, YOU SHOULD THANK THEM AND ASK FOR AN UPGRADE WITH NEW APPEALS, DON'T LET TOO MANY MONTHS GO BY WITHOUT BEING HEARD

1.5.2 FACE TO FACE (F2F)

IT IS A VERY EFFECTIVE WAY OF RAISING FUNDS BECAUSE THE DONOR BECOMES, IN MOST CASES, A REGULAR DONOR.

IT INVOLVES DIRECT DIALOGUE WITH THE POTENTIAL DONOR, WHO IS USUALLY MET ON THE STREET OR IN SPECIFIC CONTEXTS, WHERE YOU CAN EXPLAIN YOUR CAUSE, PROVIDE PERSONALISED INFORMATION AND ANSWER QUESTIONS.

THE PROCEDURE CAN BE CARRIED OUT ON YOUR OWN OR YOU CAN MAKE USE OF SPECIALISED AGENCIES. THE COST OF THIS FUNDRAISING CHANNEL IS VERY HIGH IF PROFESSIONALS ARE INVOLVED, BUT IF IT IS WELL PLANNED IT CAN LEAD TO EXCELLENT RESULTS.

IN ANY CASE, THERE IS NOTHING TO STOP A NEWLY FOUNDED ASSOCIATION FROM TRYING TO DO FACE-TO-FACE FUNDRAISING ON ITS OWN BY MEANS OF STALLS SCATTERED AROUND THE CITY; BUT THIS COULD BE COSTLY, ESPECIALLY IN TERMS OF TIME.

1.5.3 FUNDRAISING EVENTS

IT DEALS WITH ORGANISING AN EVENT FOR SELECTED CATEGORIES OF STAKEHOLDERS TO EXPLAIN A CAUSE AND RAISE FUNDS FOR IT. ORGANISING FUNDRAISING EVENTS REQUIRES GREAT ORGANISATIONAL AND CROSS-FUNCTIONAL COMPETENCES, AND VERY OFTEN IT CLASHES WITH LOCAL BUREAUCRACY AND WITH COSTS THAT WERE NOT FORESEEN AT THE PLANNING STAGE.

ON THE OTHER HAND, IF YOUR AIM IS TO ORGANISE THE EVENT FROM START TO FINISH, IT IS WORTH FOLLOWING A COUPLE OF FUNDAMENTAL STEPS:

- **BRAINSTORMING:** YOU CANNOT BUILD ANYTHING ON YOUR OWN, YOU HAVE TO RELY ON PEOPLE WHO SHARE YOUR ULTIMATE GOAL AND WHO CAN GIVE NEW CREATIVE IMPULSES TO YOUR IDEA AND MAYBE REJECT YOUR OWN IDEAS THAT YOU THOUGHT WERE FEASIBLE BUT WERE NOT.
- **SWOT ANALYSIS:**² CONDUCTING A SWOT ANALYSIS IS ALWAYS A GOOD STARTING POINT: IT IS A MATRIX IN WHICH YOU NEED TO INCLUDE STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ARISING FROM BOTH THE INTERNAL AND EXTERNAL ENVIRONMENT OF THE ORGANISATION.
- **BUILDING AN EVENT CARD,** NAMELY DRAWING UP A FIRST DRAFT OF THE EVENT ITSELF, THIS IS THE CREATIVE PHASE OF THE PROJECT.
- **DRAWING UP A BUSINESS MODEL CANVAS:**³ DRAWING UP A BUSINESS MODEL CANVAS FOR THE EVENT WILL SHOW YOU A SERIES OF PRACTICAL DIFFICULTIES THAT YOU HAD NOT THOUGHT OF.
- **TIMELINE:** CREATE A TIMELINE TO BETTER PLAN THE STEPS NEEDED, AND WHEN THEY SHOULD BE COMPLETED, TO REACH THE FINAL EVENT.

² [HTTPS://MARKETINGAROUND.IT/STRATEGIA/ANALISI-SWOT-COME-FARLA-ED-ESEMPI-PRATICI/](https://marketingaround.it/strategia/analisi-swot-come-farla-ed-esempi-pratici/)

³ [HTTPS://WWW.BEOPLE.IT/BUSINESS-MODEL-CANVAS](https://www.beople.it/business-model-canvas)



ONCE ALL THESE STEPS HAVE BEEN TAKEN, YOU WILL HAVE A CLEAR IDEA OF WHETHER YOUR PROJECT IS ECONOMICALLY SUSTAINABLE OR WHETHER IT SHOULD BE POSTPONED. THE ADVICE IS ALWAYS TO THINK ABOUT EVERYTHING THAT COULD GO WRONG IN ORDER TO AVOID LAST-MINUTE PROBLEMS, BUT EVERYTHING POSITIVE THAT COMES OUT OF IT WILL BE AN EXCELLENT RESULT. HOWEVER, HAVING A TOO POSITIVE ATTITUDE IN THE PLANNING STAGE MIGHT LEAD TO STRUCTURAL ERRORS IN THE CONSTRUCTION PHASE.

1.5.4 CROWDFUNDING⁴

CROWDFUNDING IS THE CROSS BETWEEN TWO ENGLISH WORDS "CROWD" AND "FUNDING", NAMELY FINANCING FROM THE CROWD. WE CAN DEFINE IT AS A SORT OF ONLINE COLLECTION, WHERE A PERSON OR A COMPANY ASKS TO BE FINANCED FOR PERSONAL CAUSES OR TO ACHIEVE A GOAL.

THIS PROCEDURE IS MAINLY IMPLEMENTED WITH THE HELP OF ONLINE PLATFORMS, USUALLY FREE OF CHARGE, WHICH ARE ALREADY SET UP TO RECEIVE AND DISSEMINATE YOUR CROWDFUNDING CAMPAIGN.

THE STRENGTH OF THIS TOOL IS ITS ABILITY TO REACH ANYWHERE, IF THE CAMPAIGN IS DONE WELL, ALLOWING YOU TO EXPAND YOUR AUDIENCE IN A WAY THAT NORMAL COMMUNICATION CHANNELS (MAIL, LETTERS, CALLS...) COULD NOT GUARANTEE, OR THAT WOULD REQUIRE MORE INVESTMENT.

⁴ [HTTPS://EC.EUROPA.EU/DOCSROOM/DOCUMENTS/10229/ATTACHMENTS/1/TRANSLATIONS/IT/RENDITIO NS/NATIVE](https://ec.europa.eu/docsroom/documents/10229/attachments/1/translations/it/renditioNS/NATIVE)

GENERALLY, THERE ARE FOUR TYPES OF CROWDFUNDING:

- **DONATION-BASED:** THE DONOR CONTRIBUTES FOR FREE, WITHOUT EXPECTING ANY RETURN ON INVESTMENT. IT IS A CONTRIBUTION TO A GOOD CAUSE, WHETHER BY AN ORGANISATION OR AN INDIVIDUAL.
- **REWARD-BASED:** IN THESE CASES, THE DONOR GETS A REWARD, A NON-MONETARY ONE, WHICH CAN BE SYMBOLIC (AN OBJECT) OR EVEN A PRODUCT CREATED BY THE ASSOCIATION/INDIVIDUAL REQUESTING FOR FUNDING. IT IS WIDELY USED IN THE FIELD OF ART AND CULTURE, AS IT ALLOWS DONORS TO RECEIVE A PREVIEW OF THE RESULT OF THE ARTISTIC PROJECT THEY HAVE FUNDED (E.G. A HANDICRAFT, A BOOK, A FILM, A MUSIC ALBUM...). THIS METHOD IS A WAY TO THANK THE DONORS, BUT IT IS ALSO USEFUL FOR ESTABLISHING CONTACT, TESTING ONE'S OWN PRODUCT AND DISSEMINATING IT.
- **SOCIAL LENDING:** ALSO KNOWN AS LENDING CROWDFUNDING OR PEER TO PEER LENDING. IN THIS CASE THE PUBLIC LENDS MONEY TO A COMPANY ON THE ASSUMPTION THAT IT WILL BE REPAYED WITH INTEREST. IT IS A VERY SIMILAR SITUATION TO BANK FINANCING, EXCEPT THAT YOU ARE BORROWING FROM A LARGE NUMBER OF INVESTORS. THESE INVESTORS ARE WILLING TO RISK "SMALL" AMOUNTS, WHICH WOULD NOT GUARANTEE A RETURN IN THE STOCK MARKET, IN EXCHANGE FOR INTEREST.



- EQUITY CROWDFUNDING:⁵ THROUGH EQUITY CROWDFUNDING, THE SPONSORS OF THE PROJECT RECEIVE A SMALL PARTICIPATION FEE (EQUITY), BECOMING MINORITY SHAREHOLDERS, USUALLY WITHOUT THE RIGHT TO VOTE IN THE MEETING, BUT WITH THE RIGHT TO DISTRIBUTE PROFITS. THIS TYPE OF CROWDFUNDING CONSTITUTES A SOLICITATION OF PUBLIC SAVINGS AND INVOLVES RISKS SIMILAR TO THE STOCK MARKET, SO IN THE COUNTRIES WHERE IT IS SIGNIFICANTLY PRESENT, IT HAS BEEN REGULATED BY THE COMPETENT BODIES.

THERE ARE VARIOUS CROWDFUNDING PLATFORMS, SOME MORE PROFESSIONAL FOR INNOVATIVE STARTUPS THAT ARE INTERESTING FOR A SEGMENT OF THE MARKET THAT WANTS TO INVEST THEIR CAPITAL, WHILE OTHERS ARE MORE FOCUSED ON SOCIAL ISSUES AND AIM TO SPONSOR A CERTAIN TYPE OF CAMPAIGN. EVEN ON SOCIAL NETWORKS, NON-PROFIT ORGANISATIONS RUN CROWDFUNDING CAMPAIGNS. AT CERTAIN TIMES IN HISTORY (EARTHQUAKES, FIRES, ETC.) YOU CAN SEE FUNDRAISING CAMPAIGNS ON FACEBOOK SHARED ON THE HOME PAGE BOTH BY THE ORGANISATIONS THEMSELVES AND BY YOUR FRIENDS. ANOTHER CLASSIC EXAMPLE IS THE CAMPAIGNS FOR BIRTHDAYS, WHEN FACEBOOK NOW ALLOWS YOU TO RAISE MONEY FOR CHARITABLE ORGANISATIONS.



⁵ [HTTPS://MARKETINGAROUND.IT/STRATEGIA/ANALISI-SWOT-COME-FARLA-ED-ESEMPI-PRATICI/](https://marketingaround.it/strategia/analisi-swot-come-farla-ed-esempi-pratici/)

HOW DOES A CROWDFUNDING PLATFORM WORK?

FIRST, AFTER COMING UP WITH A PROJECT, WHO IS ASKING FOR FUNDS FULFILLS THE TEMPLATE PROVIDED BY THE CROWDFUNDING PLATFORM WITH THE NECESSARY INFORMATION ABOUT THE PROJECT, WITH DETAILS AS PROJECT DESCRIPTION, FUNDING GOALS TO COMMENCE THE PROJECT, IMAGES OR VIDEOS, EVENTUAL REWARDS. USUALLY, THE PLATFORM FILES THE CALL IN ITS DATABASE AND SETS STANDARDISED CONTRACTUAL TERMS, SOMETIMES WITH PRE-SET OPTIONS TO CHOOSE. IN THIS WAY, EVERYONE ENTERING THE PLATFORM CAN CHOOSE THE MOST SUITABLE PROJECT TO FUND. THE CROWDFUNDING PLATFORM RECEIVES THE MONEY AND TRANSFERS THE TOTAL AMOUNT TO THE FOUNDER OF THE PROJECT. IN THE MEANWHILE, THOSE WHO DESIRE TO FUND A PROJECT RESEARCH FOR INFORMATION ABOUT THE PROJECT AND ITS FOUNDER ON OTHER CHANNELS, AS SOCIAL MEDIA. TO FINANCE THEMSELVES, THE PLATFORMS USUALLY RETAIN A PERCENTAGE, BETWEEN 5 AND 15% OF THE TOTAL AMOUNT RAISED.⁶

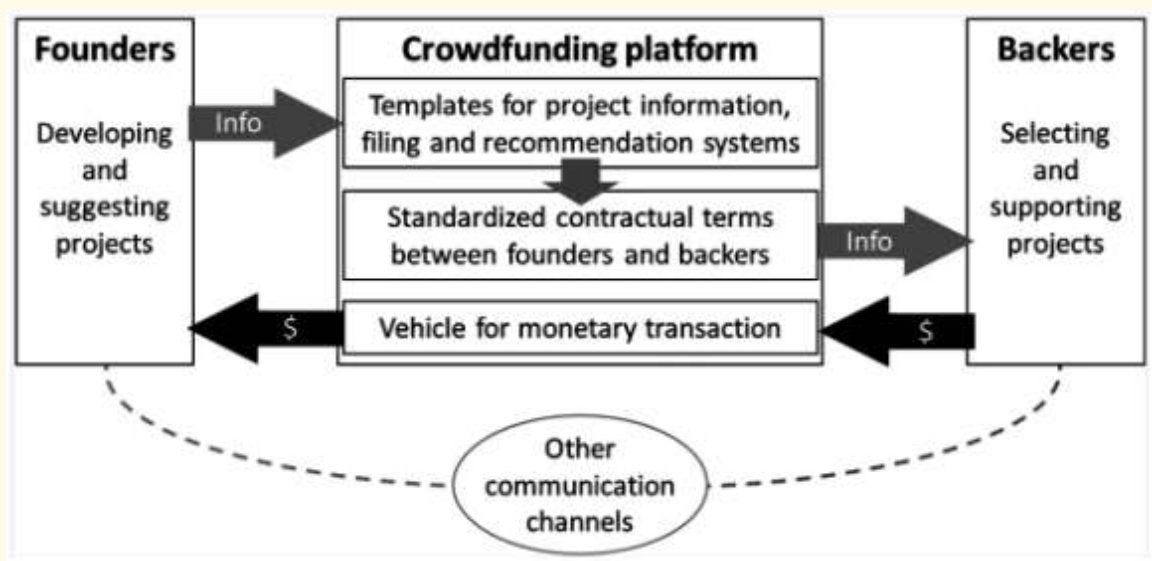


FIG. 3 THE PROCESS OF CROWDFUNDING VIA A PLATFORM

⁶ [HTTPS://LINK.SPRINGER.COM/ARTICLE/10.1007/S10824-022-09444-9](https://link.springer.com/article/10.1007/s10824-022-09444-9)

CASE STUDY

THE TIPS TO STREET PERFORMERS BECAME A SPECIFIC CASE OF CROWDFUNDING, AS THEY ARE TRANSITIONING FROM THE USE OF CASH TO THE GENERATION OF INCOME THROUGH DIGITAL PLATFORMS AND PAYMENT APP.

TO KNOW MORE:

ELKINS, M., FRY, T.R.L. BEYOND THE REALM OF CASH: STREET PERFORMERS AND PAYMENTS IN THE ONLINE WORLD. J CULT ECON 46, 231–248 (2022),
[HTTPS://LINK.SPRINGER.COM/ARTICLE/10.1007/S10824-021-09421-8#CITEAS](https://link.springer.com/article/10.1007/s10824-021-09421-8#citeas)

IN THE TOOLKIT IT IS POSSIBLE TO FIND A LIST OF CROWDFUNDING PLATFORMS ACTIVE IN VARIOUS EUROPEAN COUNTRIES, WITH AN INDICATION OF THE SECTOR FOR WHICH THEY ARE MOST SUITABLE.

THE STEPS FOR A SUCCESSFUL CROWDFUNDING CAMPAIGN⁷

IN ORDER TO ESTABLISH A SUCCESSFUL CROWDFUNDING CAMPAIGN, CLARITY, ENTHUSIASM AND TRANSPARENCY ARE FUNDAMENTAL, TOGETHER WITH TAKING INTO CONSIDERATION THESE 7 STEPS:

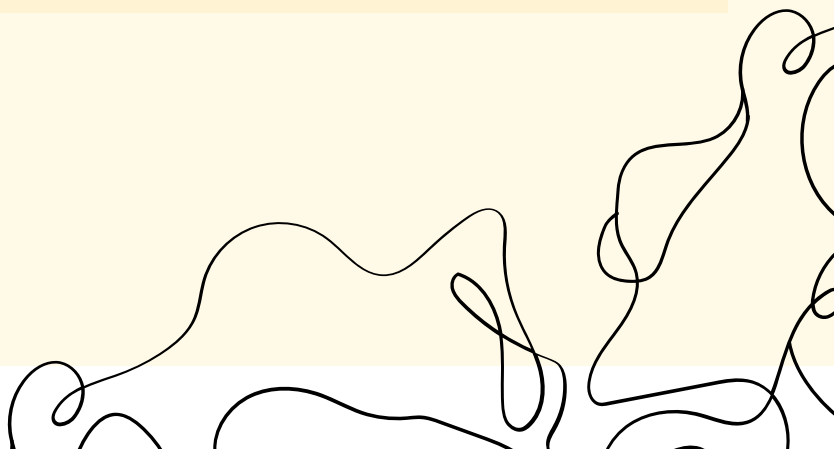
⁷ [HTTPS://THESTARTUPCANVAS.COM/IT/BLOG/2021/07/14/COME-INIZIARE-A-FARE-UNA-CAMPAGNA-DI-CROWDFUNDING-7-STEP-FONDAMENTALI/](https://thestartupcanvas.com/it/blog/2021/07/14/come-iniziare-a-fare-una-campagna-di-crowdfunding-7-step-fondamentali/)

1. SET AN OBJECTIVE, IN TERMS OF MINIMUM AMOUNT TO RAISE AND PERIOD OF TIME
2. CHOOSE THE MOST SUITABLE PLATFORM
3. PREPARE ALL THE NECESSARY DOCUMENTATION: PRESENTATION OF YOUR PROJECT, BUSINESS PLAN, PITCH, ...
4. DECIDE IF YOU ARE OFFERING A REWARD FOR YOUR INVESTORS, IN TERMS OF PRODUCTS, OFFERS OR SPECIAL DISCOUNTS FOR EXAMPLE.
5. CREATE A MARKETING STRATEGY CAMPAIGN, CREATING YOUR COMMUNITY OR INFORMING THE ONE YOU ALREADY HAVE THROUGH YOUR SOCIAL MEDIA AROUND YOUR PROJECT, PRODUCT OR SERVICE.
6. TELL YOUR STORY, MISSION AND VISION, EXPLAINING WHY YOU ARE PUTTING EFFORT IN YOUR PROJECT AND INVOLVING YOUR TARGET AUDIENCE TELLING YOUR VISION AND MISSION (FOR EXAMPLE THROUGH A SHORT VIDEO).
7. KEEP YOUR INVESTORS INFORMED ON THE USE OF FUNDING, THE PROGRESS OF YOUR CAMPAIGN AND COMMUNICATING THE RESULTS ACHIEVED.

VIDEO:

WATCH AMANDA PALMERS' INSPIRING TED TALK "THE ART OF ASKING", ABOUT HER EXPERIENCE WITH THE CROWDFUNDING CAMPAIGN TO FUND HER SOLO ALBUM!

WWW.TED.COM/TALKS/AMANDA_PALMER_THE_ART_OF_ASKING



AROUND EUROPE, A GENERAL REGULATION ON CROWDFUNDING DOES NOT EXIST, AND IT IS USUALLY REGULATED UNDER NATIONAL FINANCIAL STRUCTURES AND, WHERE RELEVANT, THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID).⁸

JUST 10 COUNTRIES IN EUROPE HAVE SPECIFIC LAWS ON CROWDFUNDING: AUSTRIA, BELGIUM, FINLAND, FRANCE, GERMANY, ITALY, LITHUANIA, NETHERLANDS, PORTUGAL AND SPAIN.

AT EUROPEAN LEVEL, THE “REGULATION ON EUROPEAN CROWDFUNDING SERVICE PROVIDERS FOR BUSINESS”, N. 2020/1503 OF 7TH OF OCTOBER 2020, GIVE A GREAT IMPULSE FOR THE REGULATION OF THE INSTRUMENT.⁹

FURTHER READING:

TO READ MORE ABOUT CROWDFUNDING IN THE CULTURAL AND CREATIVE SECTOR, YOU CAN REFER TO THE STUDY “CROWDFUNDING. RESHAPING THE CROWD’S ENGAGEMENT IN CULTURE”:

[HTTPS://WWW.NEMO.ORG/FILEADMIN/DATEIEN/PUBLIC/TOPICS/MUSEUM_MANAGEMENT/CROWDFUNDING_RESHAPINGENGAGEMENTINCULTURE.PDF](https://www.nemo.org/fileadmin/dateien/public/topics/museum_management/crowdfunding_reshapengagementinculture.pdf)

⁸ CROWDFUNDING - RESHAPING THE CROWD’S ENGAGEMENT IN CULTURE, [HTTPS://WWW.NEMO.ORG/FILEADMIN/DATEIEN/PUBLIC/TOPICS/MUSEUM_MANAGEMENT/CROWDFUNDING_RESHAPINGENGAGEMENTINCULTURE.PDF](https://www.nemo.org/fileadmin/dateien/public/topics/museum_management/crowdfunding_reshapengagementinculture.pdf)

⁹ [HTTPS://WWW.SHOPIFY.COM/IT/BLOG/CROWDFUNDING](https://www.shopify.com/it/blog/crowdfunding)

IN THE STUDY, IT IS POSSIBLE TO READ ABOUT MARKET ANALYSIS OF CROWDFUNDING BENEFITTING CULTURAL AND CREATIVE SECTORS, WITH A MAPPING OF THE USE OF CROWDFUNDING IN EUROPE FOR CULTURAL AND CREATIVE SECTOR, ANALYSIS ON CROWDFUNDING IN DIFFERENT AREAS OF THE SECTOR (PERFORMING ARTS, ARCHITECTURE, AUDIOVISUAL, LITERATURE AND PRESS, MUSIC...), AND AN OVERVIEW OF THE MAIN PLATFORMS AT EUROPEAN LEVEL.

TOGETHER WITH THE STUDY, YOU CAN ALSO CONSULT THE WEBSITE [HTTP://WWW.CROWDFUNDING4CULTURE.EU/](http://www.crowdfunding4culture.eu/), EUROPEAN INFORMATION HUB WITH EVERYTHING RELATED TO CROWDFUNDING IN CULTURE. YOU WILL FIND:

- A MAP OF CROWDFUNDING PLATFORMS ACROSS EUROPE, WITH COMPARATIVE INFORMATION ON COSTS, MODEL USED, ... FOCUSED ON CULTURAL AND CREATIVE SECTORS
- CASE STUDIES
- EVENTS, TOOLS, NEWS ON CROWDFUNDING IN THE SECTOR



THE CASE: PATREON

PATREON ([HTTPS://WWW.PATREON.COM/](https://www.patreon.com/)) IS A CROWDFUNDING PLATFORM FUNDED IN 2013, WHICH ALLOWS TO CREATE A STEADY FLOW OF RESOURCES THANKS TO THE SUBSCRIPTION MODEL. PATREON HAS BEEN ESTABLISHED ESPECIALLY FOR CREATORS, AND AT THE MOMENT OF CREATION OF AN ACCOUNT IT ASKS TO CLASSIFY THE PROJECT INTO CATEGORIES: VIDEO AND FILMS, WRITING, DRAWING AND PAINTING, PODCASTS, PHOTOGRAPHY, SCIENCE, CRAFTS AND DIY, MUSIC, COMICS, ANIMATION, GAMES, COMEDY, EDUCATION, DANCE AND THEATRE. THEN, IT IS POSSIBLE TO CHOOSE HOW MUCH TO CHARGE TO THE COMMUNITY, TO PERSONALISE YOUR PAGE AND TO ESTABLISH POSSIBLE REWARDS ACCORDING TO THE AMOUNT OF THE DONATION.

GET TO KNOW PATREON: [HTTPS://WWW.YOUTUBE.COM/WATCH?V=RwVUJAV6PXG&t=24s](https://www.youtube.com/watch?v=RwVUJAV6PXG&t=24s)

EXERCISE

STRANGE HORIZONS IS DEFINED BY THE CREATORS AS A SPECULATIVE FICTION MAGAZINE, AVAILABLE FREE ONLINE, PUBLISHED ON MONDAY FROM SEPTEMBER 2000. IN THE LAST YEAR, TOGETHER WITH THE TRANSLATION-FOCUSED SIBLING MAGAZINE, THEY HAVE PUBLISHED SPECULATIVE FICTION, POETRY, ESSAYS, INTERVIEWS, REVIEWS AND ROUND TABLES.

FROM THE BEGINNING, THE PROJECT HAS BEEN ENTIRELY FUNDED BY VOLUNTARY CONTRIBUTIONS, FROM READERS AND VOLUNTEER LABOUR.

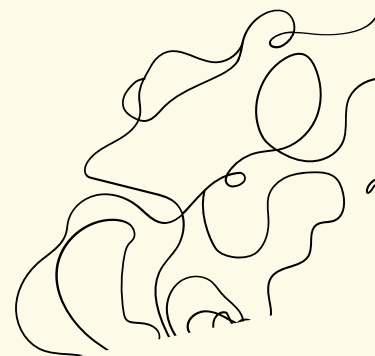
YOU CAN READ MORE ABOUT THE PROJECT HERE:

[HTTPS://WWW.KICKSTARTER.COM/PROJECTS/STRANGEHORIZONS2019/ST-RANGE-HORIZONS-2023?LANG=IT](https://www.kickstarter.com/projects/strangehorizons2019/st-range-horizons-2023?lang=it)

THE PARTICIPANTS IDENTIFY THE MAIN CHARACTERISTICS THAT IS ATTRACTING FUNDING TO THIS PROJECT, IN TERMS OF NATURE OF THE PROJECT, CONTENT, COMMUNICATION.

1.6 CORPORATE FUNDRAISING¹⁰

THIS METHOD INVOLVES AN EXISTING COMPANY FUNDING YOUR ACTIVITIES OR CAUSE. IN THIS CASE, THE DONATION IS NOT MADE BY PRIVATE CITIZENS, BUT BY A LEGAL ENTITY ORGANISATION. CORPORATE FUNDRAISING IS THE MEETING POINT BETWEEN THE FOR-PROFIT WORLD, THE COMPANIES, AND THE NON-PROFIT WORLD, THE ORGANISATIONS. THIS UNION IS NOT SO ABSURD, BECAUSE IN THE WORLD MANY COMPANIES WANT TO REDISTRIBUTE THE ADDED VALUE CREATED IN THE SURROUNDING AREA.



¹⁰ FUNDRAISING - THE MOST COMPLETE MANUAL FOR FUNDRAISING, BY VALERIO MELANDRI, MAGGIOLI EDITORE, [2017]

COLLABORATIONS BETWEEN FOR-PROFIT AND NON-PROFIT ORGANISATIONS CAN BE SUMMARISED IN TWO DISTINCT LOGICS. THE FIRST IS THE SALE, THUS THE CHOICE OF A COMPANY TO SPONSOR AN ORGANISATION, BENEFITING FROM BEING CONNECTED TO AN IMPORTANT NAME IN THE SOCIAL SECTOR; IT IS USUAL, IN FACT, TO CHOOSE BRANDS THAT ARE ALREADY ESTABLISHED AND WELL-KNOWN.

THE OTHER OPTION IS CORPORATE SOCIAL RESPONSIBILITY, WHICH CAN BE DEFINED AS THE VOLUNTARY INTEGRATION BY A FOR-PROFIT COMPANY OF SOCIAL AND ENVIRONMENTAL IMPACT IN ITS BUSINESS ACTIVITIES AND IN ITS FORMAL AND INFORMAL RELATIONS WITH STAKEHOLDERS (INTERNAL AND EXTERNAL). ONE OF THE MOST COMMON WAYS FOR COMPANIES TO ENGAGE IN CSR IS THROUGH PHILANTHROPY: NON-REPAYABLE INVESTMENT PROGRAMMES - USUALLY IN SUPPORT OF NON-PROFITS - THAT THE COMPANY MAKES TO GIVE BACK TO CIVIL SOCIETY A PART OF THE VALUE IT GETS FROM THE BUSINESS.¹¹ IN THIS CONTEXT, COMPANIES ARE WILLING TO COLLABORATE WITH LOCAL ENTITIES, WHETHER SMALL OR VERY SMALL, THUS CREATING A MORE COHESIVE COMMUNITY.

BUT HOW DO YOU FIND A COMPANY TO FINANCE YOU?

- TERRITORY: SELECT COMPANIES THAT OPERATE WITHIN YOUR TERRITORY, AS IT IS IMPORTANT FOR THEM TO DEMONSTRATE THAT THEY ALSO HAVE AN IMPACT AT LOCAL LEVEL.

¹¹ FUNDRAISING - THE MOST COMPLETE MANUAL FOR FUNDRAISING, BY VALERIO MELANDRI, MAGGIOLI EDITORE, [2017]

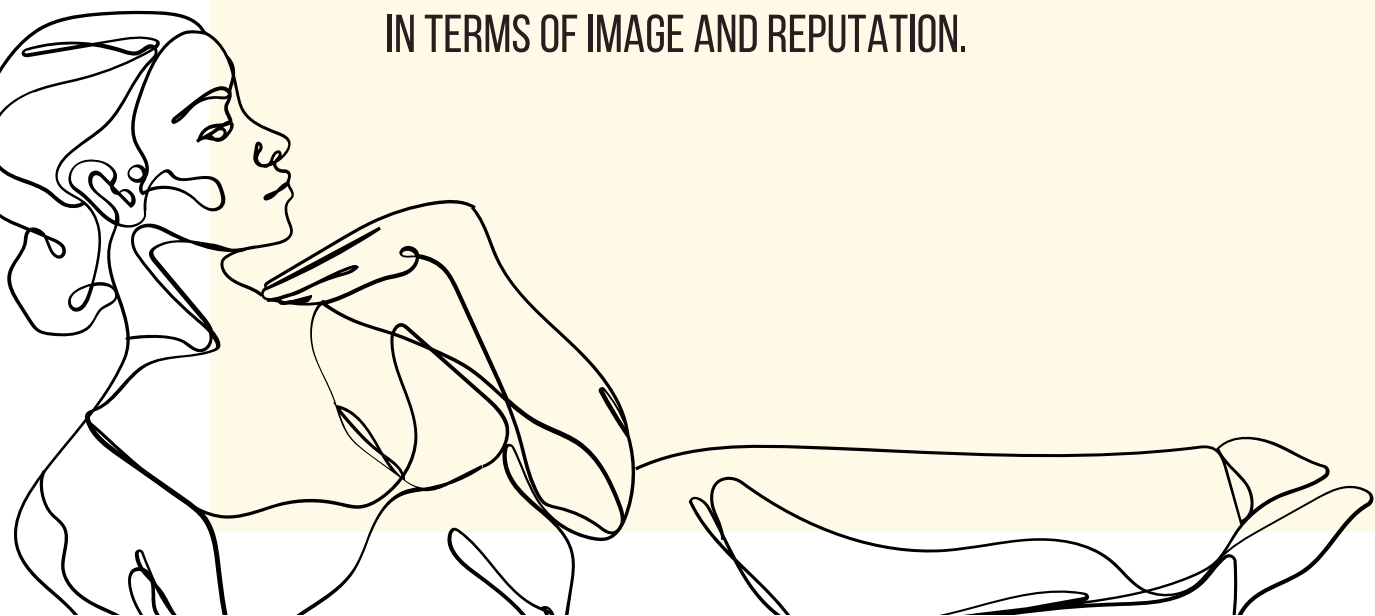
- **PRODUCT:** THE PRODUCT MUST BE SIMILAR TO YOURS, IF YOU ARE A WORLD HUNGER ASSOCIATION YOU WILL LOOK FOR FOOD PRODUCERS, IF YOU ARE IN THE CLOTHING BUSINESS YOU MAY HEAR FROM SHOPS OR COMPANIES THAT PRODUCE CLOTHES AND SO ON.
- **TARGET AUDIENCE:** ASSESS WHETHER YOUR TARGET AUDIENCE MAY ALSO BE INTERESTING FOR THE COMPANY, AND WHETHER THE COMPANY MAY HAVE AN INTEREST IN APPROACHING YOUR TARGET AUDIENCE.

HOW CAN YOU BE FINANCED BY A COMPANY?

- **DONATION:** THERE ARE COMPANIES THAT CREATE BUDGETS SPECIFICALLY FOR ONE-OFF DONATIONS SUCH AS AT CHRISTMAS; THEY DO NOT SEEK VISIBILITY, BUT THEY DO IT AS A GIFT TO SUPPORT THE LOCAL COMMUNITY THROUGH ASSOCIATIONS THAT PROMOTE A CERTAIN TYPE OF DEVELOPMENT.
- **PAYROLL GIVING:** IT IS A DONATION IN THE PAY PACKET, IN FACT AN EMPLOYEE CAN DECIDE TO DONATE AN HOUR, OR MORE, OF HIS OR HER WORK TO SUPPORT A GOOD CAUSE.



- **GIFT IN KIND:** IN THIS CASE THE COMPANY SUPPORTS THE ASSOCIATION WITH THE DONATION OF GOODS OR SERVICES; IT IS A VERY POPULAR SYSTEM THAT CAN BRING EXCELLENT RESULTS, THE ONLY THING IS THAT THE GOODS AND SERVICES RECEIVED HAVE TO BE REALLY USEFUL TO THE ASSOCIATION, OTHERWISE IT BECOMES JUST A WASTE OF TIME AND RESOURCES. IT IS ALSO A GREAT WAY FOR THE COMPANY TO ADVERTISE ITSELF, BECAUSE IF, FOR EXAMPLE, YOU WANT TO OPEN AN AFTER-SCHOOL CLUB FOR CHILDREN, ASKING FOR AND RECEIVING TOYS WILL MAKE CHILDREN AND PARENTS COME INTO CONTACT WITH THE BRAND OF THE COMPANY THAT SUPPORTS YOU.
- **EMPLOYEE INVOLVEMENT:** FINDING A COMPANY THAT INVOLVES ITS EMPLOYEES IN FAVOUR OF YOUR ORGANISATION CAN BE USEFUL, AS YOU WILL HAVE MORE PEOPLE RAISING MONEY FOR YOUR ORGANISATION THAN AS A TEAM BUILDING ELEMENT IN FAVOUR OF THE COMPANY.
- **CAUSE RELATED MARKETING:** THIS SYSTEM IS USED BY LARGE COMPANIES TO GAIN 'GOOD' PUBLICITY, AS IT IS USUALLY THEIR JOB TO FIND A STRONG BRAND TO SPONSOR. THE COMPANY UNDERTAKES TO DONATE A PERCENTAGE OF THE REVENUES OF ONE OF ITS PRODUCTS TO A SPECIFIC SOCIAL CAUSE, ALSO WITH A VIEW TO OBTAINING A RETURN IN TERMS OF IMAGE AND REPUTATION.



FOR EXAMPLE, FOR THOSE WHO WANT TO PROMOTE A SMALL HANDICRAFT PRODUCTION ACTIVITY, A GOOD CORPORATE FUNDRAISING INITIATIVE COULD BE TO OFFER THEIR PRODUCT TO COMPANIES THAT CAN USE IT AS A GIFT FOR THEIR CUSTOMERS OR EMPLOYEES. IN THIS WAY, COMPANIES CAN ADVERTISE THEMSELVES, AND ENHANCE THE SOCIAL IMPACT THAT THE INITIATIVE GENERATES.

UNIT 2 – MICROCREDIT

4.1 A BRIEF HISTORY OF THE BIRTH OF MICROCREDIT

MICROCREDIT IS BROADLY CONCEIVED AS THE GRANTING OF «SMALL LOANS, MAINLY FOR INVESTMENT RATHER THAN CONSUMPTION, TO INDIVIDUALS OR MICRO-ENTERPRISES, MAINLY WITHOUT ANY ASSET GUARANTEES, FOR WHICH MICROCREDIT INSTITUTIONS USE ALTERNATIVE FORMS OF GUARANTEE»¹². IN OTHER WORDS, MICROCREDIT CAN BE UNDERSTOOD AS A TOOL TO SERVE INDIVIDUALS AND MICRO-ENTERPRISES CUT OFF FROM THE TRADITIONAL BANKING SYSTEM.



¹² FUNDRAISING - THE MOST COMPLETE MANUAL FOR FUNDRAISING, BY VALERIO MELANDRI, MAGGIOLI EDITORE, [2017]

THE MICROCREDIT ADVENTURE BEGAN IN THE SMALL VILLAGE OF JOBRA IN BANGLADESH THANKS TO THE INTUITION AND TENACITY OF MUHAMMAD YUNUS, NOBEL PEACE PRIZE WINNER IN 2006. THE HUGE GAP BETWEEN THE ELEGANT ECONOMIC THEORIES AND THE REALITY IN HIS COUNTRY LED YUNUS TO DECIDE TO DO SOMETHING TO CHANGE THINGS. HE DECIDED TO GO AND VISIT POOR PEOPLE HIMSELF AND WORK OUT SOLUTIONS TO HELP THEM. THIS LED HIM TO DISCOVER A REALITY WHERE THE PERVERSE MECHANISM OF USURY WAS DOMINANT AND WHERE MANY PEOPLE WERE CHOKED BY DEBTS AND UNABLE TO GET OUT OF THIS CIRCLE. HE DREW UP A LIST OF ALL THE PEOPLE OF JOBRA (ONE OF THE VILLAGES SURROUNDING HIS UNIVERSITY) INVOLVED IN THIS CIRCLE, AND THEN DISCOVERED THAT WITH A TOTAL AMOUNT OF ABOUT TWENTY-SEVEN DOLLARS, IT WOULD BE POSSIBLE TO GET ALL THE 42 PEOPLE ON THE LIST OUT OF USURY. THE FACT THAT SUCH A SMALL AMOUNT OF MONEY WAS ENOUGH TO ENABLE SO MANY PEOPLE TO REPAY THEIR DEBTS TO THE TRADERS AND START SELLING THEIR PRODUCTS WAS A SHOCKING DISCOVERY AND AT THE SAME TIME STIMULATING FOR THE FORMULATION OF A SOLUTION. THE BASIC IDEA BEHIND THE BIRTH OF THE GRAMEENBANK (VILLAGE BANK) IS THAT IN ORDER TO SOLVE THE PROBLEM OF POVERTY ONE HAS TO FOCUS ON GIVING PEOPLE FAIR OPPORTUNITIES, LEVERAGING THEIR SKILLS. IT REJECTS GIVING ALMS AS IT DOES NOT INCENTIVISE PEOPLE TO ROLL UP THEIR SLEEVES AND FIND A WAY OUT OF POVERTY, "BEGGING [...] IS JUST IGNORING THEIR PROBLEMS AND DELIBERATELY MAKING THEM FESTER". HE THEN REALIZED THAT POVERTY WAS NOT DUE TO IGNORANCE OR LAZINESS OF PEOPLE, BUT TO THE LACKING

SUPPORT FROM THE FINANCIAL STRUCTURES OF THE COUNTRY IN CASE PEOPLE CANNOT GIVE COLLATERAL GUARANTEES. YUNUS AND HIS COLLABORATORS BEGAN TO VISIT HUNDREDS OF VILLAGES IN BANGLADESH, LENDING EVEN JUST A FEW DOLLARS TO COMMUNITIES, THE MINIMUM AMOUNT NEEDED TO IMPLEMENT ENTREPRENEURIAL INITIATIVES, FOR INSTANCE TO BUY RAW MATERIALS. SUCH ACTION STARTED A VICIOUS CIRCLE, WITH REPERCUSSIONS ON THE EMANCIPATION OF WOMEN, SINCE YUNUS ENCOURAGED WOMEN TO OPEN COOPERATIVES INVOLVING LARGE SECTIONS OF THE POPULATION. MICROCREDIT HAS BECOME, THEN, A FINANCING INSTRUMENT USED ALL OVER THE WORLD IN ORDER TO PROMOTE ECONOMIC AND SOCIAL DEVELOPMENT, AND IT HAS SPREAD IN MORE THAN 100 COUNTRIES. THE FUNDAMENTAL CONCEPT ON WHICH GRAMEENBANK IS BASED IS TRUST.

THE GRAMEENBANK TURNS TRADITIONAL BANKING CULTURE UPSIDE DOWN IN MANY WAYS, AND ONE ELEMENT THAT CERTAINLY DESERVES TO BE CONSIDERED IS THE IMPORTANCE GIVEN TO WOMEN IN THIS PROJECT. THERE WERE TWO MAIN REASONS FOR MUHAMMAD YUNUS TO GIVE THIS SPECIAL IMPORTANCE TO WOMEN: THE DESIRE TO BALANCE THE GENDER DISCRIMINATION THAT IS SO WIDESPREAD IN BANGLADESH AND THE FACT THAT LENDING MONEY TO WOMEN WOULD LEAD TO FASTER CHANGES THAN WHEN MEN WERE THE RECIPIENTS OF CREDIT. THIS SECOND AWARENESS STEMS FROM THE FACT THAT WOMEN ARE MUCH MORE AFFECTED BY HUNGER AND POVERTY THAN MEN AND HAVE NO MEANS TO ESCAPE FROM THEIR CONDITIONS. THIS, IN ADDITION TO THE FACT THAT THEY OFTEN HAVE

4.2. MICROCREDIT IN EUROPE

AN IDENTICAL REPRODUCTION OF THE GRAMEEN BANK MODEL DEvised BY MUHAMMAD YUNUS IN BANGLADESH IS PRACTICALLY IMPOSSIBLE SINCE THE REALITY OF BANGLADESH AND OF DEVELOPING COUNTRIES IN GENERAL IS A PARTICULAR ONE THAT DOES NOT REFLECT THE REST OF THE WORLD. HOWEVER, EFFORTS MUST BE MADE TO MAINTAIN THE FUNDAMENTAL VALUES OF MICROCREDIT, SUCH AS THE IMPORTANCE GIVEN TO THE FEMALE GENDER. IN FACT, WITH REGARD TO THE IMPORTANCE OF WOMEN, AS GIORGIA BONAGA AND FABIOLA TINESSA STATE, «STUDIES ON THE EVALUATION OF THE IMPACT OF MICROCREDIT AGREE, QUITE WIDELY, WITH THE IDEA THAT THE PRACTICE OF LENDING PREFERABLY TO WOMEN LEADS TO AN IMPROVEMENT IN FAMILY ECONOMIC CONDITIONS AND A SERIES OF OTHER BENEFITS ASSOCIATED WITH IT, SUCH AS DIVERSIFICATION OF LIVELIHOODS, INCREASE OF LEVELS OF EDUCATION AND IMPROVEMENT OF HEALTH CONDITIONS FOR FAMILY MEMBERS».¹³

THE FIRST ACT THROUGH WHICH THE EUROPEAN COMMISSION SHOWED INTEREST IN THE SUBJECT OF MICROCREDIT DATES BACK TO 1998 WITH A COMMUNICATION TO THE COUNCIL AND PARLIAMENT ENTITLED "MICROFINANCE AND POVERTY REDUCTION", IN WHICH IT WAS RECOGNISED THAT «MICROFINANCE, PROMOTED MAINLY BY NGOS, CAN BE CONSIDERED ONE OF THE MAIN INSTRUMENTS TO FIGHT POVERTY».¹⁴ THIS COMMUNICATION

¹³ BRUNORI L. [2014]

¹⁴ EUROPEAN COMMISSION [1998]



RECOGNISES MICROCREDIT AS A VALUABLE TOOL FOR ACTION AGAINST THE SCOURGE OF POVERTY AND CREATES THE NEED FOR COORDINATION BETWEEN EUROPEAN STATES FOR COMMUNITY MICROFINANCE OPERATIONS. IN 2003, THE EUROPEAN COMMUNITY ALSO CONTRIBUTED TO THE DEVELOPMENT OF THE EUROPEAN MICROFINANCE NETWORK (EMN),¹⁵ A NETWORK ACTIVE IN THE PROMOTION OF MICRO-ENTERPRISES AND SELF-EMPLOYMENT.

THE MICROFINANCE MARKET IN EUROPE IS NOT REGULATED BY THE EUROPEAN COMMISSION BUT IS SUBJECT TO NATIONAL, REGIONAL AND LOCAL LAWS; THIS IS DUE TO THE CULTURAL AND ECONOMIC DIFFERENCES, AND THE DIFFERENT TYPES OF BUSINESSES THAT ARE PART OF IT, IN THE DIFFERENT COUNTRIES. ACCESS TO CREDIT FOR BOTH PRIVATE INDIVIDUALS AND COMPANIES VARIES FROM COUNTRY TO COUNTRY, AND EVEN FROM REGION TO REGION WITHIN THE SAME COUNTRY, HENCE THE IMPOSSIBILITY OF UNIFYING THE ISSUE OF MICROFINANCE UNDER THE SAME LEGISLATION. IT SHOULD ALSO BE NOTED THAT IN SEVERAL EUROPEAN COUNTRIES IT IS NOT POSSIBLE FOR MICROFINANCE INSTITUTIONS TO PROVIDE LOANS DIRECTLY TO BENEFICIARIES. HOWEVER, THE EU HAS CONSIDERED THIS SUBJECT TO BE OF GREAT INTEREST AND VERY EFFECTIVE AND, ALTHOUGH IT CANNOT ACT AS A SUPRA-NATIONAL LEGISLATOR, IT HAS ESTABLISHED A SELF-REGULATORY FRAMEWORK CALLED THE "EUROPEAN CODE OF GOOD CONDUCT FOR MICROCREDIT PROVISION", WHICH AIMS TO OUTLINE MINIMUM INSTITUTIONAL STANDARDS FOR MICROCREDIT PROVISION AND IS MANAGED BY THE COMMISSION AND BY RELEVANT STAKEHOLDERS.

¹⁵ EMN WAS FOUNDED BY ADIE (FRANCE), NEF (UNITED KINGDOM) AND EVERS&JUNG (GERMANY) WITH THE SUPPORT OF THE EUROPEAN COMMISSION.

IN THE TOOLKIT YOU CAN FIND A DESCRIPTIVE LIST OF MICROCREDIT INSTITUTIONS ACTIVE IN SEVERAL EUROPEAN COUNTRIES.

THE EUROPEAN PROJECT PRO CCS, FUNDED BY ERASMUS+ PROGRAMME AND LED BY ENTE NAZIONALE PER IL MICROCREDITO (ITALY), FOCUSES ON MICROFUNDING FOR THE CULTURAL AND CREATIVE SECTOR (CCS). IT AIMS AT REINFORCING THE COMPETENCES OF PROFESSIONALS IN THE CCS AND AT BRIDGING THE GAP WITH FINANCING OPPORTUNITIES TO FACILITATE ACCESS TO CREDIT.

YOU CAN VISIT THE PROJECT WEBSITE [HTTPS://PRO-CCS.COM/](https://pro-ccs.com/) AND SUBSCRIBE TO THE NEWSLETTER



UNIT 3 – EUROPEAN FUNDS FOR THE CULTURAL SECTOR: THE CREATIVE EUROPE PROGRAMME

EUROPEAN FUNDS ARE FINANCIAL INSTRUMENTS MADE AVAILABLE BY THE EUROPEAN UNION WITH THE AIM OF REDUCING THE EXISTING GAP BETWEEN MEMBER STATES AND REGIONS WITHIN THEM, THUS PROMOTING GREATER SOCIAL AND ECONOMIC COHESION. PROGRAMMING IS CARRIED OUT EVERY 7 YEARS AND THE 2014-2020 CYCLE HAS JUST ENDED, THUS ENTERING THE NEW 2021-2027 PLANNING PERIOD. CONTRIBUTIONS HAVE BEEN ALLOCATED TO EACH SECTOR OR THEMATIC PROGRAMME, WHICH CAN BE ACCESSED THROUGH CALLS FOR PROPOSALS THAT REQUIRE SPECIFIC CHARACTERISTICS FOR ACCESS AND PARTICIPATION. THE GENERAL TERMS OF THE BUDGET PROPOSAL PRESENTED BY THE EUROPEAN COMMISSION FOR 2021-2027 ARE THESE: 1,135 BILLION IN COMMITMENTS EXPRESSED IN 2018 PRICES, EQUAL TO 1.11% OF THE GROSS NATIONAL INCOME OF THE 27 MEMBER STATES.¹⁶

CREATIVE EUROPE IS THE EUROPEAN UNION'S PROGRAMME TO SUPPORT THE CULTURAL AND CREATIVE SECTORS FOR THE PERIOD 2021-2027; THE PROGRAMME HAS A TOTAL BUDGET OF €2.4 BILLION AND COMPRISES 3 MACRO-AREAS:

- **MEDIA:** IN SUPPORT OF THE AUDIOVISUAL INDUSTRY SECTOR
- **CULTURE:** IN FAVOUR OF THE CULTURAL AND CREATIVE SECTORS
- **TRANSITORIAL:** FUNDS TO ADDRESS THE CHALLENGES AND OPPORTUNITIES OF THE CULTURAL AND CREATIVE SECTORS, INCLUDING THE AUDIOVISUAL SECTOR

¹⁶ [HTTPS://WWW.AGENZIACOESIONE.GOV.IT/WP-CONTENT/UPLOADS/2019/01/FONDI_EUROPEI_2021-2027.PDF](https://www.agenziacoesione.gov.it/wp-content/uploads/2019/01/fondi_europei_2021-2027.pdf)

GLI OBIETTIVI DI EUROPA CREATIVA SONO:¹⁷

- SUPPORT THE CREATION OF EUROPEAN WORKS AND HELP THE CULTURAL AND CREATIVE SECTORS TO SEIZE THE OPPORTUNITIES OF THE DIGITAL AGE AND GLOBALISATION, IN ORDER TO REACH THEIR ECONOMIC POTENTIAL, CONTRIBUTING TO SUSTAINABLE GROWTH, EMPLOYMENT AND SOCIAL COHESION;
- PROMOTE THE COMPETITIVENESS AND INNOVATION OF THE EUROPEAN AUDIOVISUAL INDUSTRY AND HELP THE EUROPEAN CULTURAL AND MEDIA SECTORS TO ACCESS NEW INTERNATIONAL OPPORTUNITIES, MARKETS AND AUDIENCES;
- PROMOTE CROSS-SECTORAL INNOVATIVE ACTIONS AND DIVERSIFIED, INDEPENDENT AND PLURALISTIC MEDIA.

TO THIS END, CREATIVE EUROPE WILL FINANCIALLY SUPPORT CREATIVE ORGANISATIONS, CINEMAS, AND FILMS.

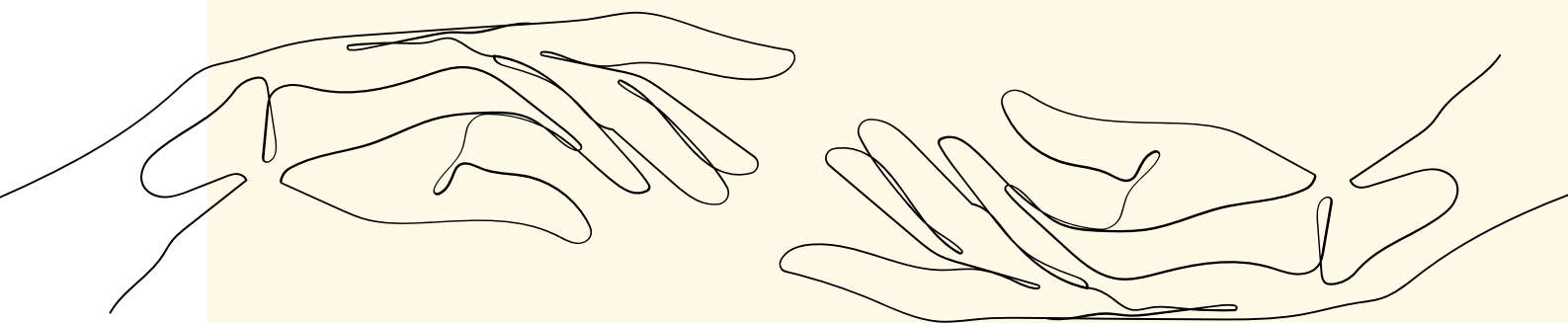
THERE ARE NATIONAL DESKS WHICH ARE THE POINT OF REFERENCE FOR ORGANISATIONS WISHING TO APPLY FOR EUROPEAN FUNDS, AND THEIR ADVISORY SERVICE CAN BE VERY USEFUL ESPECIALLY FOR THOSE WHO MAY BE UNFAMILIAR WITH CALLS FOR PROPOSALS AT THE OUTSET, PARTICULARLY EUROPEAN ONES.



THE CREATIVE EUROPE PROGRAMME INVOLVES THE FOLLOWING BENEFICIARIES:¹⁸

- CULTURAL ASSOCIATIONS AND INSTITUTIONS
- CREATIVE ORGANISATIONS IN THE AUDIOVISUAL, MUSIC, ARTS AND PERFORMING ARTS FIELDS
- FOUNDATIONS
- PUBLISHING HOUSES
- PUBLIC BODIES
- CULTURAL AND CREATIVE INDUSTRIES
- UNIVERSITIES AND RESEARCH CENTRES
- EUROPEAN CULTURAL NETWORKS AND INTERNATIONAL CULTURAL OBSERVATORIES

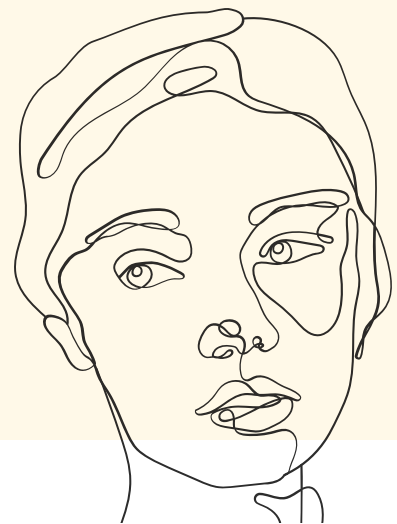
THE PROGRAMME DOES NOT ALLOW APPLICATIONS SUBMITTED DIRECTLY BY PRIVATE CITIZENS; IN ORDER TO PARTICIPATE, THE ENTITIES LISTED ABOVE MUST HAVE BEEN ESTABLISHED FOR AT LEAST TWO YEARS IN ONE OF THE EU MEMBER STATES. A DEROGATION IS FORESEEN FOR SOME NON-MEMBER STATES THAT HAVE CONCLUDED COOPERATION AGREEMENTS WITH THE EU AND THESE ARE ALBANIA, BOSNIA-HERZEGOVINA, GEORGIA, ICELAND, MACEDONIA, MOLDOVA, MONTENEGRO, NORWAY, SERBIA AND TURKEY.



THE 3 MAIN THEMES OF CREATIVE EUROPE, IDENTIFIED ABOVE, HAVE SUB-PROGRAMMES WITHIN THEM THAT OUTLINE THE GUIDELINES FOR PARTICIPANTS IN THE CALLS:

1. CULTURE SUB-PROGRAM: IT COMPRISES 4 PRIORITY ACTION STRANDS:

- COOPERATION BETWEEN CULTURAL ORGANISATIONS, I.E. THE FUNDING OF PROJECTS INVOLVING THE COLLABORATION OF SEVERAL PARTNERS ACTIVE IN THE CULTURAL SECTOR, WITH A MINIMUM DURATION OF 48 MONTHS.
- OPPORTUNITIES FOR THE PROMOTION AND TRANSLATION OF LITERARY WORKS WITHIN THE EUROPEAN UNION, THUS SUPPORTING THE DISSEMINATION OF KNOWLEDGE BETWEEN ONE COUNTRY AND ANOTHER
- STRUCTURING OF NETWORKS THAT HELP COMPANIES IN THE CULTURAL AND CREATIVE SECTORS TO OPERATE IN NETWORKS, INCREASING THEIR COMPETITIVENESS AND TRANSNATIONALITY.
- CONSTRUCTION OF PLATFORMS TO PROMOTE EMERGING ARTISTS AND STIMULATE EUROPEAN PROGRAMMING OF ARTISTIC AND CULTURAL WORKS. ECONOMIC SUPPORT TO PLATFORMS LINKED TO THE PROMOTION OF MOBILITY AND VISIBILITY OF AUTHORS AND ARTISTS, TO THE PROGRAMMING OF CULTURAL AND ARTISTIC ACTIVITIES ON A EUROPEAN SCALE, TO THE PROMOTION OF THE VISIBILITY OF EUROPEAN VALUES AND DIFFERENT CULTURES

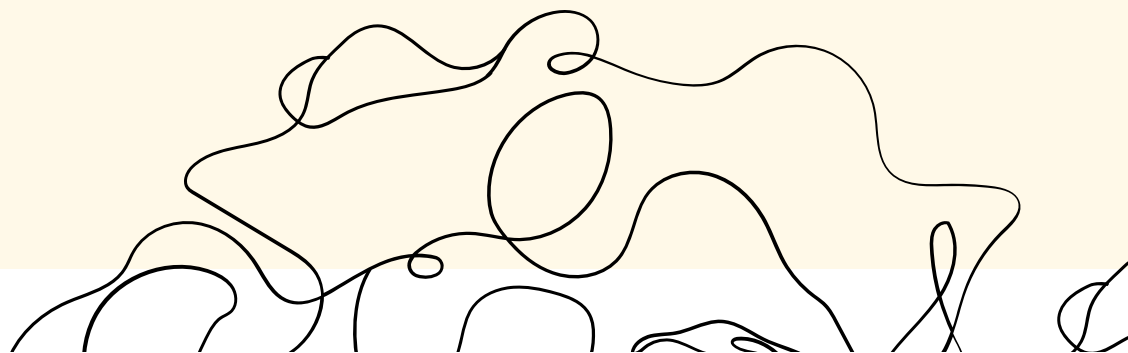


2. MEDIA SUB-PROGRAM

- PROMOTION OF INITIATIVES FOR THE DISTRIBUTION OF FILMS AND FICTIONS
- SUPPORT IN THE ACCESS TO BOTH PHYSICAL AND ONLINE MARKETS
- SUPPORT IN PROJECT DEVELOPMENT OR PROJECT SERIES
- SUPPORT IN THE PRODUCTION OF TV PROGRAMMES OR VIDEO GAMES
- PROMOTION OF AUDIO-VISUAL WORKS
- PROMOTING INTEREST IN THE FILM INDUSTRY AS "FILM FESTIVALS" OR "CINEMA NETWORKS"
- ACTIONS TO FACILITATE INTERNATIONAL CO-PRODUCTION AND TO STRENGTHEN THE CIRCULATION AND DISTRIBUTION OF WORKS
- ACTIVITIES TO STRENGTHEN THE CAPACITIES OF AUDIOVISUAL PROFESSIONALS, MAINLY RELATED TO DIGITISATION AND DEVELOPMENT OF OPPORTUNITIES AND SKILLS

3. TRANSVERSAL INTERVENTION SUB-PROGRAM

- SUPPORTING THE CREATIVE EUROPE DESKS NETWORK
- PROMOTION OF COOPERATION ON THE CREATION OF TRANSNATIONAL POLICIES IN THE CULTURAL AND CREATIVE FIELD
- CREATION OF A GUARANTEE FACILITY TO FACILITATE ACCESS TO ECONOMIC AND FINANCIAL RESOURCES FOR MICRO, SMALL AND MEDIUM-SIZED ORGANISATIONS IN THE CULTURAL AND CREATIVE SECTOR.



TIP: YOU CAN VISIT THE OFFICIAL WEBSITE OF CREATIVE EUROPE TO DISCOVER SUCCESS STORIES AND PROJECTS AND FIND INSPIRATION FOR YOUR OWN IDEA: [HTTPS://CULTURE.EC.EUROPA.EU/CREATIVE-EUROPE/PROJECTS](https://culture.ec.europa.eu/creative-europe/projects)

IN ORDER TO FIND THE STORY YOU ARE LOOKING FOR, IT IS POSSIBLE TO FILTER PER ACTIVITY AND SECTOR, FOR EXAMPLE DANCE, THEATRE, MUSIC, FASHION AMONG OTHERS. FOR EACH PROJECT, THE PLATFORM PROVIDES A SUMMARY AND THE ACCESS TO THE RESULTS PRODUCED.

IN ADDITION TO THE CREATIVE EUROPE PROGRAMME, FUNDED BY THE EUROPEAN UNION, THERE ARE A NUMBER OF OTHER OPPORTUNITIES PROVIDED BY PRIVATE AND NON-PRIVATE ORGANISATIONS IN THE CULTURAL SECTOR. AT NATIONAL, REGIONAL AND EVEN PROVINCIAL LEVEL, IT IS POSSIBLE TO FIND DIFFERENT FORMS OF FUNDING THAT CAN GUARANTEE SUSTENANCE AND WORK FOR YOUR ACTIVITY.

IN THE YOU WILL FIND SOME USEFUL LINKS TO ACCESS THE CREATIVE EUROPE PROGRAMME AND THE REFERENCES OF THE NATIONAL DESKS IN EUROPE.

IN THE TOOLKIT YOU WILL FIND SOME USEFUL LINKS TO ACCESS THE CREATIVE EUROPE PROGRAMME AND THE REFERENCES OF THE NATIONAL DESKS IN EUROPE.

EXERCISE

STARTING FROM THE LOGICAL FRAMEWORK APPROACH IN THE TOOLKIT, THE PARTICIPANTS TRY TO IDENTIFY THE MAIN DETAILS FOR A PROPOSAL FOR THE CREATIVE EUROPE PROGRAMME.

