



**IFACCA**

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## International Entrepreneurship in the Arts

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# International Entrepreneurship in the Arts

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**Disclaimer:** This research and report was prepared by Dr Lidia Varbanova. Errors, omissions and opinions cannot be attributed to the respondents listed in this report, to the Board or members of IFACCA.

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## Introduction

This report summarises the results of the online survey on International Entrepreneurship in the Arts, disseminated among members of the International Federation of Arts Councils and Culture Agencies in May–June 2015. The IFACCA Secretariat assisted Dr Lidia Varbanova, international consultant in strategies and entrepreneurship in the arts and creative industries, in her research on this topic by working with her to develop the questionnaire and distributing it to the IFACCA network. The results of the research inform Chapters Four and Six of Dr Varbanova's book *International Entrepreneurship in the Arts*, which will be published by Routledge in 2016.

For further information about IFACCA's Knowledge and Analysis programme visit [ifacca.org](http://ifacca.org). For more information on [entrepreneurship and related topics](#), visit our [Themes portal](#).

### Why is this topic important?

International entrepreneurship is a dynamic, evolving and motivating field for scholars, researchers, educators, artists and managers in the arts. In the current global context of scarcity of financial resources for the arts, artists and art managers require more than ever innovative methods and tools to expand their creative ideas and projects internationally in order to find a sustainable ways to increase audiences for the arts and attract diverse stakeholders. Artistic creativity nowadays is not simply a personal expression, but a means to influence society, foster economic growth, and create new jobs by transforming an artistic idea into a business model. Therefore, it is inevitably connected with the development of creative industries and cultural entrepreneurship. Governments and diverse stakeholders at local, national and international levels have an important role to play in creating a support system for an entrepreneurial climate in the arts.

### What was the aim of this research?

The online survey aimed at answering the following key questions:

- How do national governments, local authorities and diverse stakeholders support arts entrepreneurs, organizations and artists that go beyond national borders with a creative idea that has the potential to earn revenue?
- What are the opportunities, barriers and trends in international entrepreneurship in the arts in different countries? What are effective ways by which arts entrepreneurs expand internationally?
- What are the leading examples in support of international entrepreneurship in the arts in different countries?
- What are some of the success stories of arts entrepreneurs and organizations in different countries and regions of the world?
- What are the "lessons learned" about how to expand a creative idea internationally?

The survey consisted of 12 open and closed questions, provided in Appendix 2. They were disseminated among IFACCA's members and mailing list in three language versions: English, French and Spanish. Twenty-four people from 19 countries responded to the questionnaire – 18 in English, four in French and two in Spanish. Appendix 1 lists the names and institutions of those respondents who wished to be mentioned in the final report.

# Highlights of the online survey results

## Scope of international entrepreneurship in the arts

Respondents to the online survey answered that there are four main aspects related to the term international entrepreneurship in the arts (IEA), ranking them in priority order as follows:

- gradual global expansion of an arts organisation after it has positioned itself in a domestic market (16%)
- attracting international sources of finance and funding in the development of an emerging arts organization (16%)
- starting an entrepreneurial arts organisation or project in another country and conducting business activities based on a creative idea across national boundaries (4%)
- presenting artistic projects, or events in front of audiences beyond national boundaries
- all of the above (60%)
- other (4%). Respondents outlined the following two aspects of IEA: simultaneous presence in several countries, and starting up an arts venture that is run by a multinational team.

## Sectors most suitable for entrepreneurial development

The online survey aimed to identify the sectors of arts and creative industries that are most suitable for starting up entrepreneurial ventures, via a multiple choice question. Respondents to the survey ranked sectors as follows:

- music and sound recording (73%)
- visual and applied arts (72%)
- performing arts (62%)
- crafts (62%)
- design (61%)
- cultural heritage (60%)
- fashion (50%)
- film (45%)
- video (34%)
- publishing (33%)
- multimedia art (33%)
- animation (28%)
- computer games (27%)
- architecture (22%)
- others (11%)

Several respondents expressed opinions that all sectors could be suitable for elaboration of entrepreneurial models. In some sectors this depends to a great extent on public funding (for example cultural heritage), while in other branches entrepreneurs could generate more revenue from audiences and buyers (for example video games, film business or music business). An important aspect of an entrepreneurial model in the arts is to keep a balance between self-generated income and public funding, especially in the cases of social entrepreneurship.

## Models of international expansion

International entrepreneurs in the arts have different choices to expand their creative business abroad. They have the option to start internationally from the early inception of an innovative idea, or to grow the venture beyond borders after initial domestic positioning and local success. The process of considering expansion beyond borders usually starts with evaluation of the main reasons for international growth, and thorough research of all influencing external and internal factors, in order to find out the driving and restraining forces that might influence the expansion process.

The research results show that the choice of model for international expansion is influenced by diverse factors, such as:

- the aspiration of the arts entrepreneur
- the motivation to expand internationally
- the “exportability” of cultural goods and services
- the art venture’s capacity and potential for growth
- options for partnership and collaboration in the targeted country
- the overall situation in the targeted country
- the level of risk the arts entrepreneur needs to undertake
- practical and logistical matters.

One question in the online survey was about the most common and preferred methods used by entrepreneurs in the arts to expand their ventures abroad. The following list represents respondents’ answers to the multiple-choice question in priority order:

- networking (88%)
- co-productions (75%)
- touring (66%)
- artistic cooperatives (53%)
- representatives (40%)
- online expansion (40%)
- agents (33%)
- consortium (33%)
- creative clusters (33%)

- licensing (27%)
- strategic alliances (non-equity) (27%)
- distributors (22%)
- strategic alliances (equity based) (20%)
- indirect export (through trade houses) (14%)
- merging (13%)
- acquisition (7%)
- horizontal integration (6%)
- vertical integration (0%)

Collaborative models of international expansion, such as networking and co-productions are ranked with priority. These models aim at combining efforts, competences, resources and expertise of arts organisations in order to achieve mutually beneficial results by working together.

Touring is an especially effective model for performing arts organisations that aim to reach international audiences and increase their visibility abroad. Foreign agents and other types of representatives also receive high ranking in the list, especially in relation to arts ventures that sell creative and cultural goods in the field of fine arts and crafts.

Establishing international consortiums is useful for attracting international funding for a specific project, for building up a new cultural venue, or for promoting the value of cultural resources to local communities. This type of partnership is often used by non-profit organisations and social enterprises.

Licensing is a popular international expansion model, especially in some branches of creative industries such as visual arts, music, design and photography.

Business models focused on online distribution and sales are also very popular in the arts, especially considering the rapid development of Web 2.0 tools and other online and mobile technologies in the 21st century.

Development of strategic alliances, horizontal and vertical integration methods, indirect exporting, as well as mergers and acquisitions are not very popular international expansion models in the arts sector. One of the reasons is that they are usually effective for big corporations and the arts sector worldwide is fragmented, consisting of small and medium-scale businesses that do not have the capacity and resources to use these methods of expansion.

## Driving factors for international entrepreneurship in the arts

The research aimed to identify the main driving factors that help entrepreneurs in the arts to go beyond national borders and expand their activities abroad. A group of factors relates to the external economic, political and social environment in which arts in specific countries operate, such as: favourable taxation policy in the arts field, legislative measures that encourage cross-border collaboration, and the country's traditions in the arts.

The entrepreneurial personality is another driving factor. Arts entrepreneurs who have experience abroad, skills and competences to deal with multicultural environment, intuition on how a creative product could be adapted to fit to the expectations of international audiences, ability to work in unpredictable circumstances of other countries and to cope with constant change, have a higher probability of success internationally.

An important driving factor for taking entrepreneurial activities beyond the national borders are the skills and competences of the international creative team. People in the team need to be dynamic personalities, cultural diplomats and networkers, able to work in multicultural environment and having know-how in a specific niche. The ability to access financing from abroad, as well as skills in online marketing and branding of an art product are also of utmost importance for the success of the arts products and services on the international marketplace.

Last but not least, the quality of the artistic product, its uniqueness and ability to convey global values to diverse audiences are certainly driving factors for the international success of an entrepreneurial arts venture.

## Barriers for international entrepreneurship in the arts

Respondents outlined the following main barriers on national level for expanding an arts enterprise abroad:

- absence of coherent national strategy for start-ups in the arts and for international export of cultural goods and services
- lack of appropriate government financial support for international expansion of arts enterprises
- unfavourable geographical position that makes the international export costly, and
- prevailing language in the country that is not popular on international scale.

Other barriers for IEA relate to arts organisations and entrepreneurs in the arts include the following:

- lack of sufficient information about logistics related to crossing borders
- lack of innovative projects in the arts that have global values and could be well accepted by international audiences
- insufficient skills of entrepreneurs to search for international partners who could assist the expansion model
- insufficient initial revenues of start-up companies in the arts that cannot back up the international expansion model.

## Examples of arts enterprises

Part of the online survey related to finding examples of arts enterprises that started small and local, but then rapidly developed internationally, that have innovative characteristics, efficient business models, and aim at global leadership. Survey respondents provided the following examples coming from eight countries:

- CGS Visual Effects  
Tunis: <http://www.cgs3d.com/site/en/index.php>
- Druid theatre company  
Galway, Ireland: <http://www.druid.ie>
- Mother's Tankstation  
Dublin, Ireland: <http://www.motherstankstation.com>
- Joseph Walsh Studio  
Dublin, Ireland: <http://www.josephwalshstudio.com>
- Chris Judge, illustrator, artist and children's picture book author  
Dublin, Ireland: <http://www.chrisjudge.com>
- ROADS lifestyle brand  
Dublin, Ireland: <http://www.roads.co>
- Landmark Productions  
Dublin, Ireland: <http://www.landmarkproductions.ie>
- Riverdance  
Ireland: <http://riverdance.com>
- Thisispopbaby  
Ireland: <http://www.thisispopbaby.com>
- VISUAL Centre for Contemporary Art & The George Bernard Shaw Theatre  
Carlow, Ireland: <http://www.visualcarlow.ie>
- Teamwork Productions  
New Delhi, India: <http://www.teamworkproductions.in>
- Arts Printing House  
Vilnius, Lithuania: <http://www.menuspaustuve.lt/en/>
- OMBA  
Namibia: <http://www.omba.org.na/>
- David Goldrake  
Luxembourg: <http://www.davidgoldrake.com/>
- Ina Expert  
France: <http://www.ina-expert.com>
- Agence de promotion des entreprises et industries culturelles (APEIC)  
Niger: <http://apeic-niger.net/>
- Su-Mei Tse  
Luxembourg: [https://fr.wikipedia.org/wiki/Su-Mei\\_Tse](https://fr.wikipedia.org/wiki/Su-Mei_Tse)

There are several key success factors in the process of international expansion of an arts venture, including the following:

- ongoing innovation and high creative capacity
- choice of the right partner in the targeted country
- maintaining a strong international network of partners, audiences and supporters
- understanding and applying online technologies
- creative and devoted international team, and
- constant observation of trends and external factors.

## Government support for international entrepreneurship in the arts

Government support mechanisms for international entrepreneurship in the arts varies from country to country. Some strategies and tools are specialized for the creative industries, while others are part of general national support for international trade and business. There are several main methods of government support, as follows:

- legislative mechanisms for import-export of arts-related products
- export and trade support services, including export finance measures and fiscal initiatives
- promotional activities for arts events and organisations that expand abroad
- cultural diplomacy.

Government support on an organisational level includes the following mechanisms:

- support for international co-productions
- establishment of incubators and accelerators for start-up companies in the arts and creative industries
- offering low-cost spaces for artistic innovation and entrepreneurial activities in the arts
- support for networks of start-up companies, and
- assistance for artist-run centres and cooperatives.

On an individual level, governments in different countries support artists and entrepreneurs in the arts in their efforts to expand abroad in the following main ways:

- individual travel grants
- individual travel loans
- information sessions on expanding abroad
- support for attending international events, such as trade shows and festivals
- mentorship and coaching for arts entrepreneurs, and
- awards and prizes for the most successful arts entrepreneurs and inventors.

Respondents provided examples of government support for international entrepreneurship in the arts, as follows:

- Austria: Go-international  
[www.go-international.at](http://www.go-international.at)
- Finland: Export Finland  
<http://www.exportfinland.fi>  
  
Luovimo  
<http://www.exportfinland.fi/web/eng/luovimo/luovimo-in-brief>
- Ireland: Arts Council Ireland, Travel and Training Grants  
<http://www.artscouncil.ie/Funds/Travel-and-Training-award>  
Culture Ireland  
<http://www.cultureireland.ie>  
Crowdfunding Ireland  
<http://fundit.ie/browse>  
Microfinance, Ireland  
<http://microfinanceireland.ie>
- Lithuania: Lithuanian Business Support Agency  
<http://lvpa.lt>
- NOMEX Nordic Music Export Program  
<http://nordicmusicexport.com>

Arts entrepreneurs need to explore the support system elements that exist in their country in all three sectors – government, business and non-profit – and how to use these opportunities. It is important that they are aware of the direct and indirect cultural policy methods of support for arts entrepreneurship, as well as possible city strategies for investing in innovations, creativity and the arts as vectors for further economic and social development.

## Trends in international entrepreneurship in the arts

Respondents pointed out the following trends in the political, economic, social and technological environment that – in their opinion – would affect international entrepreneurship in the arts in the coming years:

- developing and promoting creative industries and the need for their expansion abroad in order to increase revenues from international audiences and supporters
- increasing importance of culture-led regeneration policies that foster entrepreneurial climate on a local level
- increasing the image of cities through internationalization of arts-related activities and events in order to bring more tourists and boost the local economy
- increasing involvement of young artists in entrepreneurial arts activities that cross national borders
- setting up strategic alliances between the government, the business sector and the arts that could lead to specialised risk funds to support entrepreneurial activities in the arts, including those that expands internationally.

## What's next?

*International Entrepreneurship in the Arts*, the forthcoming book by Dr Lidia Varbanova (Routledge, 2016) will provide further understanding and analysis of elements of the support system for entrepreneurship in the arts that exist on international, national and local levels. It aims to help entrepreneurs in the arts apply theoretical strategies successfully and use tools to cross borders and expand their artistic ventures internationally. The book will also help readers find answers to the following key questions:

- Why are entrepreneurship and innovations different in the arts compared to other sectors?
- What types of international entrepreneurs work in the arts, and what are their traits, skills and competencies?
- How can innovative ideas be generated, and how can they be filtered to identify ideas that could be elaborated as a business model, and that could be expanded abroad?
- What are the financial and fundraising options for an international arts enterprise?
- Why do many international start-up companies in the arts fail?
- What reasons are there to grow an arts venture?
- What arguments exist for keeping a venture small-scale?
- What are the trends, barriers and success factors in international entrepreneurship in the arts?
- How can we choose an international entry model and why is partnership so important?
- How can we manage an international arts enterprise in a sustainable mode?

Through 23 cases – and over 50 shorter examples – in the book Dr Varbanova illustrates and connects theoretical approaches to innovative entrepreneurial practices in the arts sector from many countries around the world. The cases provide a rich rainbow of experiences in diverse disciplines – fine arts and crafts, photography, design, music, theatre, festivals, contemporary dance and multi-disciplinary arts ventures – in 16 countries including Belarus, Bulgaria, Cambodia, Canada, Croatia, India, Iran, Israel, Kenya, Malaysia, Morocco, Serbia, Seychelles, Spain, the UK and USA.

These are stimulating and thought-provoking stories of arts entrepreneurs who have strategic vision and generate changes that lead to economic, cultural and social value that benefit them, their creative team, their partners and stakeholders, communities and the society as a whole.

# Appendices

## Appendix 1: Survey respondents<sup>1</sup>

- Mahmoud Manouchehri Amoli, Tehran, Iran
- Ellis Oyekola, Ibadan, Nigeria
- Nasser Binzuman, Riyadh, Saudi Arabia
- Bilel Aboudi, Tunis, Tunisia
- Evgenia Bitsani, Kalamata, Greece
- Marie Brennan, Bantry, Ireland
- Ranya Hussein, Cairo, Egypt
- Nadia Arouri, Vienna, Austria
- Petya Tsacheva, Sofia & Elena Town, Bulgaria
- Canan Marasligil, Amsterdam, The Netherlands
- Chandan Kumar, Delhi, India
- Estevao Jose Filimao, Instituto Maputo, Mozambique
- Jean-Baptiste Cuzin, Paris, France
- Tania Brugnoni, Differdange, Luxembourg
- Yann Kwete, Kinshasa, République démocratique du Congo
- Mato Rabo, Niamey, Nigeria
- Ministry of Information, Tourism and Culture, Lilongwe, Malawi
- Business to Arts, Dublin, Ireland
- Vilnius Academy of Arts, Vilnius, Lithuania
- National Arts Council of Namibia/Ministry of Education Arts and Culture, Windhoek, Namibia
- Ministry of Culture of the Republic of Lithuania, Vilnius, Lithuania
- Ministerio de Educación, Cultura y Deporte, Madrid, Spain

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<sup>1</sup> this list only includes the names of those experts who indicated that their names and/or institutions could be mentioned in the final report.

## Appendix 2: Questionnaire for the online survey

1. Demographic Information (For reference use only, all answers will be summarized and kept anonymous):

Name:

Position/Title/Professional affiliation:

Institution/organization (website):

City/town:

Country:

Email address:

2. Would you like your name to be mentioned in the final report in the list of experts who took part in the survey?

Yes, the name and the institution

Yes, only the institution

No

3. Would you like to be interviewed instead of filling in the questionnaire, or for additional questions and clarifications? If yes, please, indicate an email and telephone to be contacted.

Yes

No

Contact details (in case 'yes').....

4. In your opinion, which of the following best describes accurately the term "international arts entrepreneurship"?

a) Starting an entrepreneurial arts organization or project in another country and conducting business activities based on a creative idea across national boundaries

b) Gradual expansion of an arts organization globally after positioning itself on the domestic market

c) Attracting international sources of financing and funding in the development of an emerging arts organization

d) Presenting of artistic projects, or events in front of audiences beyond the national boundaries

e) All of the above

f) Other (please specify)\_\_\_\_\_

5. In your opinion, which arts and culture sectors are most suitable for development of entrepreneurial models? (Multiple choice possible)

- Performing arts
- Music and sound recording
- Visual and applied arts
- Cultural heritage
- Publishing
- Film
- Video
- Architecture
- Design
- Animation
- Multimedia art
- Crafts
- Fashion
- Computer games
- Others.....

6. What are the most common and efficient methods used by arts entrepreneurs in your country to expand abroad?

- Networking
- Co-productions
- Consortium
- Artistic cooperatives
- Creative clusters
- Touring
- Representatives
- Agents
- Distributors
- Indirect export (through trade houses)
- Licensing
- Strategic alliances (non-equity)
- Strategic alliances (equity based)
- Horizontal integration
- Vertical integration
- Online expansion
- Merging
- Acquisition
- Others (please specify):

7. Please, give example(s) of art enterprise(s) from your country that started small and local, but then rapidly developed internationally; that have innovative characteristics, an efficient business model, and aims at global leadership (Please, provide the website, and the contact person, if possible so that Dr Varbanova can contact them for further interview).

8. What are the three key driving factors in your country that help entrepreneurs in the arts and culture sector to go beyond borders and expand/grow internationally?

9. What are the three main barriers for them going beyond borders in order to expand/grow internationally?

10. Does the government in your country (federal, national, regional or local) support directly or indirectly arts entrepreneurs (for example: business incubators or accelerators for arts entrepreneurs, loans or other financial instruments for start-up projects in the arts, mentoring, training and/or coaching for arts entrepreneurs, legislative benefits for arts entrepreneurs, etc.)? If yes, please give examples. If not, why?

11. Is there any direct or indirect government support for arts entrepreneurs in your country that expand/grow internationally (e.g. grants or loans, legislative benefits, intermediaries for logistical support, training courses, information points, etc)? If yes, please give examples. If not, why?

12. What trends (political, economic, global, social, environmental, cultural, technological, legislative, others) might strongly affect (positively or negatively) the international arts entrepreneurship in your country in the next 5 years? Please, give an example.

### Appendix 3: About the researcher

Dr Lidia Varbanova has over 20 years of professional experience as a consultant, educator, researcher and project manager in more than 55 countries. Her portfolio focuses on strategy, policy development, entrepreneurship and innovations, management, organisational development and change, online technologies, with a special emphasis on arts, culture and creative industries. Dr Varbanova has been permanent and visiting professor in prominent universities and training centres in Europe and Canada and has received a number of distinguished awards.

Dr Varbanova is an internationally acclaimed conference speaker and moderator and an active member of several professional networks in Canada and Europe. She currently teaches at McGill University, Montreal and Centennial College, Toronto. She leads online workshops with the University of British Columbia and consults with the Soros Foundation Tajikistan on establishment of a new MA program in arts management. Her new book is on International Entrepreneurship in the Arts, to be published by Routledge in 2016. Her previous book is *Strategic Management in the Arts* (Routledge, 2013).