

Money, Management and Growth Notes from Session

18 March 2003

The session was opened by Chair, Michael Frye, who again welcomed the Commission members to the Royal Society of the Arts. Michael gave a brief re-cap of the Commission's work so far, and some of the issues that had already been looked at. For Michael, it is clear that economic growth and employment is a major concern, and that the success of the Commission will at least partly be judged by the initiatives it develops and advocates for increasing jobs. With this in mind, he introduced the subject matter of the session – money, management and growth, and how investment and support for creative enterprises can be effectively directed into growing commercial activity and employment in London's creative industries.

The Commission members were given presentation by Dr Tom Fleming on the subject of a Creative Industries Bank for London – a dedicated equity fund targeted at London's creative enterprises. A number of representatives from the investment and business support sectors were present, and responded to Tom's presentation and contributed to the discussion. These included: Michael Murphy, hatch-group; Hugh Mason and David Prais, Pembridge Partnership; Ian Charles Stewart, Seven Peaks Capital; Keith Gilbey and Bernie Emery, Business Link for London; Chris Mackman, London Development Agency; David McMeekin, Capital Fund. As a result, the following were identified as points for possible LDA action:

Creative Industries Bank for London

- The establishment of a Creative Industries "Bank". This would be a fund established by the LDA and partners, and managed by private investors, dedicated to making equity investments in London's creative enterprises.
- Any such CI Bank would need to be independent and expert-driven, and so free of considerations that could hamper the commercial viability of its investments.
- The establishment of a 'seed fund' that provides, rather than large scale equity investments, small amounts (up to £50,000) for capital investment in start-ups and young creative enterprises. (small funds up to £50,000 initially with the capacity to provide up to £500,000 subsequently for high growth companies until private investors can come in)
- The CI Bank should operate as a hub. There is a need for a single, well known and properly marketed agency that can act as a 'one-stop shop' for creative enterprises, and connect them with a whole range of private and public investors and support services.
- There may be a need for more sector-specific investment funds, along the lines of the London Institute's Centre for Fashion Enterprise.
- Any CI Bank needs to have effective and sophisticated branding and marketing, to ensure that enterprises are well aware of the funds and support available.

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Supporting Investment Readiness

- The critical challenge is not so much access to finance as getting creative entrepreneurs 'investment ready' – any CI Bank would have to be connected to the 'spectrum of support' and operate in concert with existing business support agencies and other initiatives aimed at equipping enterprises with business and entrepreneurial skills.
- Incubators, if managed properly, can be an effective means of providing intensive and very tailored business support.
- Further research into the UK's venture capital community, to ascertain attitudes towards creative businesses, and improved methods for evaluating the worth of creative enterprises in order to better demonstrate a business case for investment in the CIs.
- We need to generate case studies and stories, in order to raise aspirations and highlight progression routes for young creative enterprises.

Showcasing for Investors and Creative Enterprises

- London needs bigger and better showcasing events, as a means of exhibiting and highlighting London's creative industries, and providing environments in which investors and creative entrepreneurs can meet.
- There needs to be a 'clicks and mortar' approach, with an online directory of banks, funds and other private and public bodies concerned with investment in the CIs.
- A showcasing programme should involve initiatives to educate financiers and commercial banks around the CIs. This will strengthen the business case for investing in creative enterprises, and help them to become more effective and approachable when interfacing with creative enterprises

For more information about the Commission's activities, please get in touch with Paul Owens, paul@creativelondon.org.uk or 020 7468 2334