

Hipster Business Review: Creative entrepreneurial start-ups in Greater Manchester

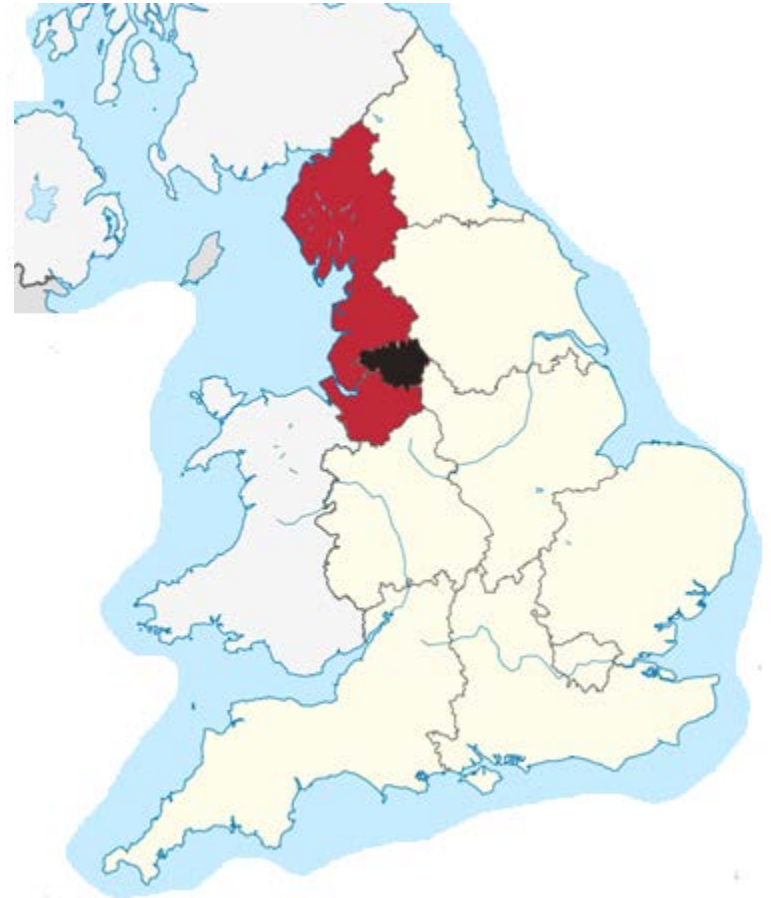


Structure

- Greater Manchester economy
- Creative and digital sector
- Creative entrepreneurs
- Greater Manchester case study
- Implications for urban economy

Greater Manchester

- Located in NW England
- 500 square miles
- Rich industrial heritage
- Population 2.7m
 - Grew by 7.2% (183,100) between 2004-2014
- Over one million households

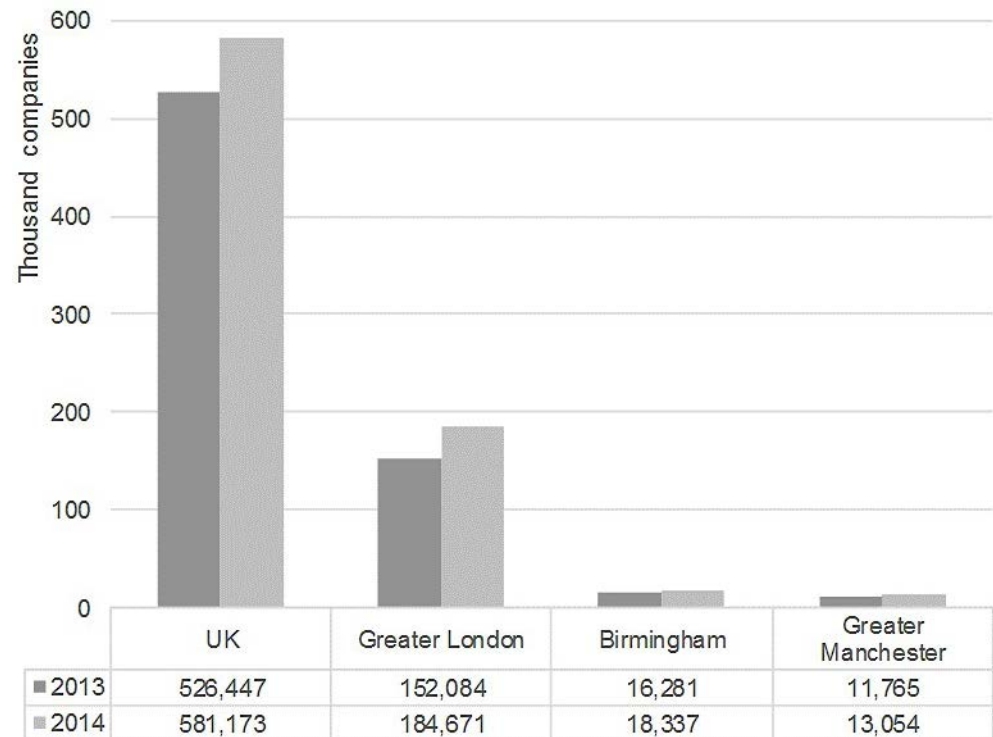


Greater Manchester Economy

- GVA £57.4bn
- Economy larger than Wales (£54.3bn)
- 1.23m jobs in Greater Manchester across 105,200 businesses

Small and Medium Sized Enterprises (SMEs)

- 10% growth in SMEs registering in Greater Manchester, compared with 9% nationally (2013-14)



Creative and digital sector

- Sector employs 136,000 people (4.3%) in North West England, generating £6.7bn GVA per annum
- Based on 2022 Greater Manchester job forecast, digital and creative sector job growth expected:
 - 56,000 net jobs required
 - 11,000 expansion demand jobs

Policy context

- Devolution of powers and responsibilities from central government to Greater Manchester in November 2014
- Devolved budgets to deliver business support; supporting business growth; improving international competitiveness
- Further fiscal devolution, including local autonomy over business rates

Creative entrepreneur

- A person working in the creative sector who is able to demonstrate business success in the classic terms of business growth and/or in terms of reputation amongst their peers (British Council, Poland)
- Should not be restricted to sector that entrepreneurs are situated within but refer to the process of innovation that provides 'stimulus for the opportunity discovery and the generation of solution' (Duxbury, 2012)
- *Creative destruction* - entrepreneurs are creative and innovative, and make existing products and technologies obsolete in their pursuit for innovation (Schumpeter, 1934)
- Adam Thierer (2011) pays tribute to Schumpeter for predicting model of digital economy and 'creative destruction' activities of modern start-ups

Hipster = creative entrepreneur

- McWilliams' 'Flat White Economy' describes East London's Shoreditch area where hubs of enterprise are recognised as having massive economic impact, affecting politics and lifestyles (2015)
- McWilliams suggests that hipsters, and the ecosystem surrounding them, represent the future of British prosperity and the creative industries in which they work are driving our economy
- Increasingly significant post-2008, with more traditional industries continuing their decline
- Richard Florida in *The Rise of the Creative Class* describes "hipsterization" of wealthy cities, concluding that this Creative Class is a key driving force for economic development

Hipster = creative entrepreneur

- Cereal Killer café
- Brick Lane in Tower Hamlets in east London
- New café seen as the 'high-water mark of hipsterism' (Cumming, 2015)



Hipster ≠ creative entrepreneur

- Peck (2004) critiques Florida as a crass celebration of hipster embourgeoisement and making false correlations between rise of 'hipsters' and economic growth in cities
- Hipster as a consumer not a producer of culture (Greif, 2010)
- British Columbia's campaign to address skilled labour shortage (Melanson, 2012)
- *Yuccies* rather than *hipsters* (Infante, 2015). Young Urban Creatives borne of suburban comfort with power of education, and conviction to not only pursue dreams but to profit from them



The study

- Exploratory study, collaboration between Urban Studies Unit and Salford Business School
- Understand growth of creative entrepreneurial start-ups in Greater Manchester
- What drives individuals to become entrepreneurs
- How start-up activity is transforming the urban economy and reshaping neighbourhoods

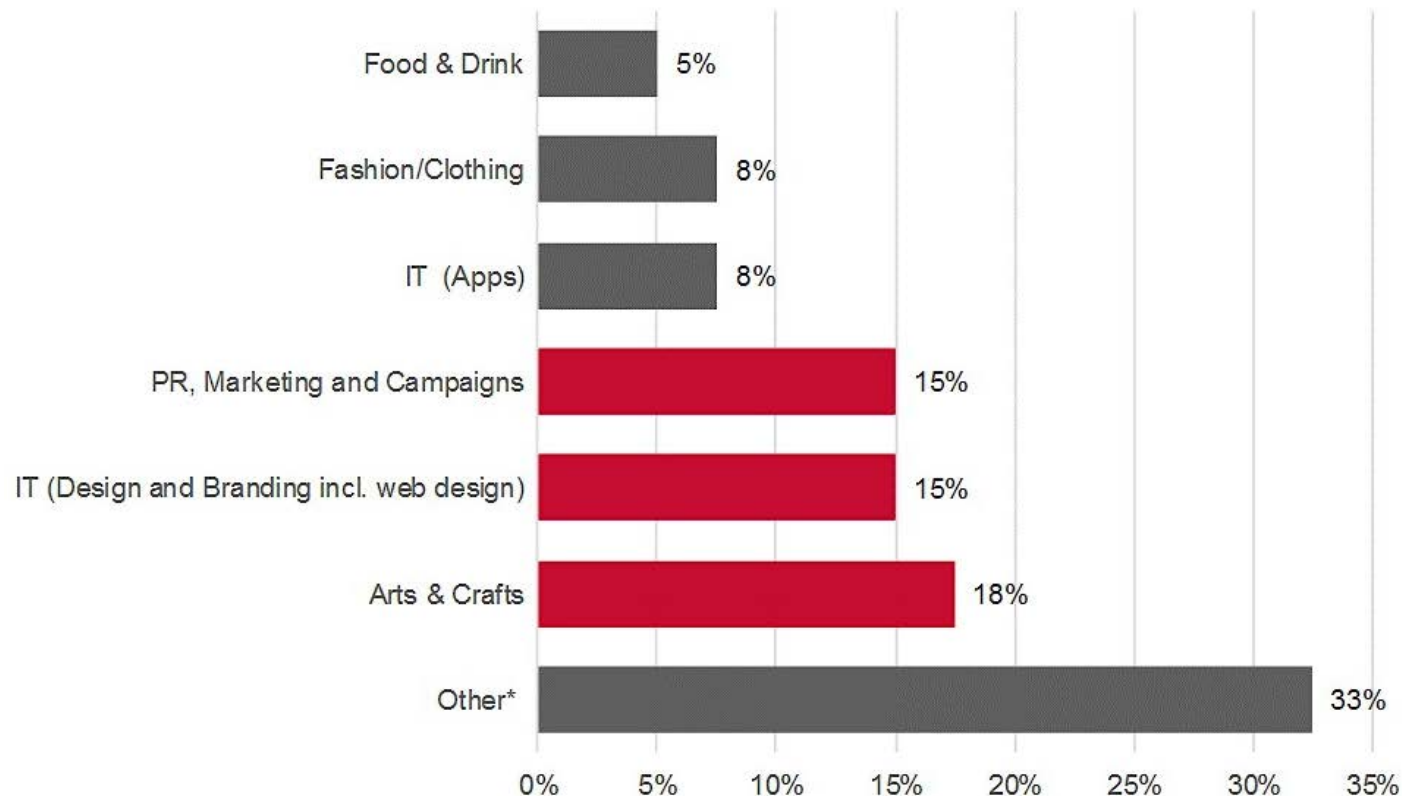
Methodology

- Consultation with creative entrepreneurs in Greater Manchester
- Interviews - 17 one-to-one guided interviews
- Online survey - 37 respondents

Preliminary findings

1. Creative not restricted to one sector
2. Traditional workforce demographics
3. Occupy non-traditional business spaces
4. Manchester as an attractive place to set up a business
5. Not accessing mainstream financial support
6. Generators of new cultural opportunities

1. Creative not restricted to one sector



*incl. Entertainment, events, music management, health, wellbeing, online skills analysis

N = 37

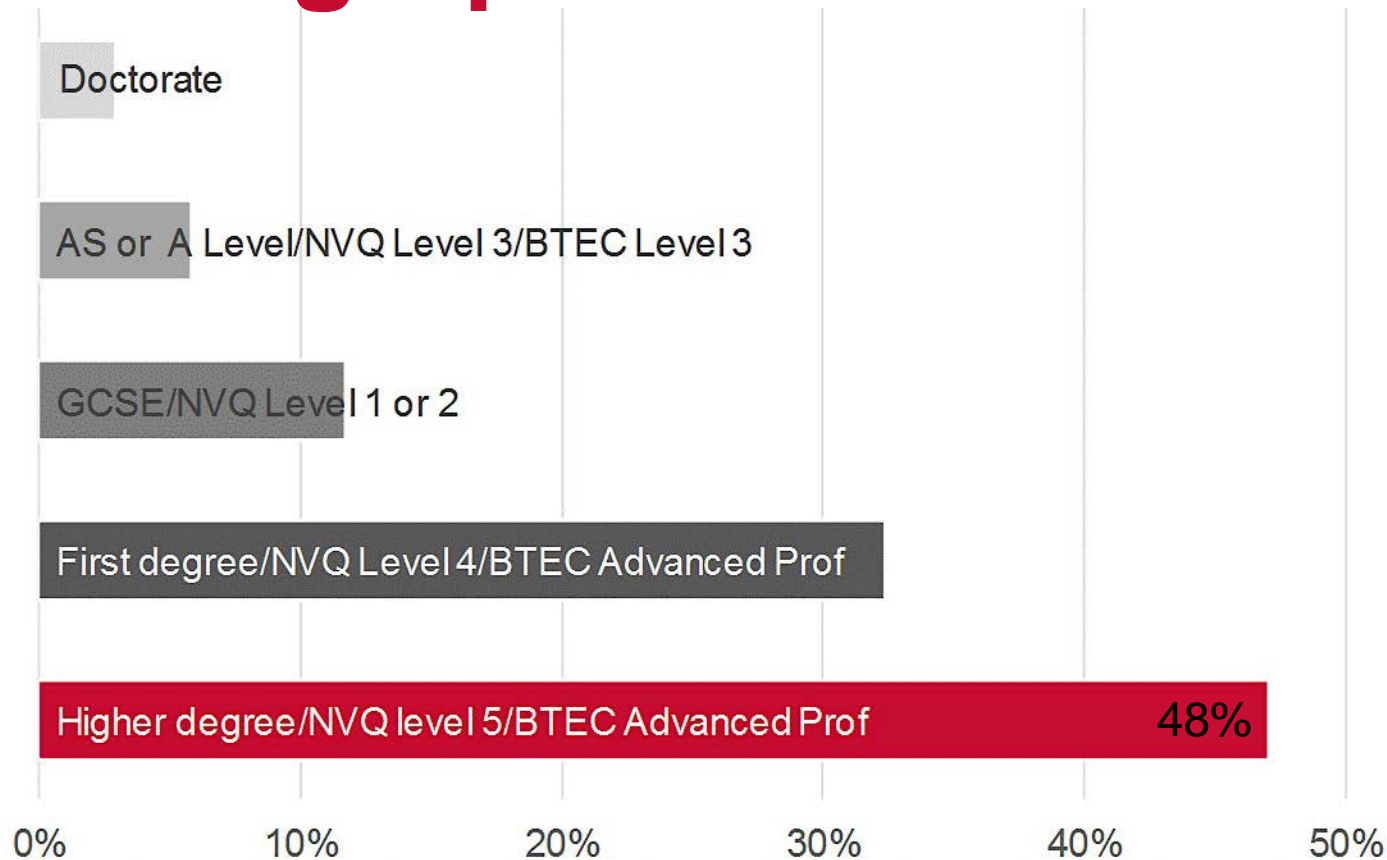
1. Creative not restricted to one sector: Varied definition of roles



2. Traditional workforce demographics

- Cohort typically replicating traditional conservative demographics of the workforce (white, well educated, from affluent background)
- Almost $\frac{1}{4}$ previously held corporate roles
 - ‘So I did quite well in that [corporate] career but I kind of got a bit bored of it’ (HBR13)
- Majority well educated, or dropped out of University to pursue start-up business

2. Traditional workforce demographics: education



3. Occupy non-traditional business spaces

- Communal working spaces/incubators
 - ‘Whereas here, **there's an atmosphere in this [communal workspace] that's everyone's at the top of their craft.** Everyone's aspiring to have certain qualities, like the M3 industry's next door, they make fabrications. Their quality is right up the top. Dan the photographer, he is top end. The coffee, the best coffee. We just won awards recently, so it's like we have a shared vision in space to make this to be the best you can’ (HBR7)



3. Occupy non-traditional business spaces

- Homeworking
 - ‘**I didn't really feel the need to go and pay all that money to set up an office. I didn't need money up front**, if that makes sense. I'm quite happy to work from home’ (HBR15)
 - ‘I had a work space for I think it was two days a week... Then I moved into my current property with my boyfriend where we've got two big bedrooms so one of them I mainly use as a study which means **I didn't really feel that I needed that work space**’ (HBR11)

4. Manchester as an attractive place to set up a business

- Audience and potential client base (e.g. student population)
 - ‘I think that Manchester alone, well, **it's got 100,000 students, so I feel like it's got youth. It's got innovation.** It's a nice place to be around. Relatively cheap to live. You can live on the outskirts quite cheaply’ (HBR8)
 - ‘All the independents in the Northern Quarter and what kind of scene it is but we knew **we needed it to be here really, creatively for the audience**’ (HBR10)

4. Manchester as an attractive place to set up a business

- Attracted to existing cultural opportunities
 - ‘It’s a **unique historic place** where the weird and [non] judgmental people go’ (HBR23)
 - ‘We’ve been visiting Manchester quite a lot over the last few years and **we felt that there is a lot going on here**’ (HBR9)
 - ‘I used to get off the train... and **feel like Manchester had its own heartbeat... There's an energy and an audience** and not just a can do attitude, just a will do. You feel like you meet people and they just do it. 'I'm 16 and I like theatre, I've made a theatre group.' 'I'm a priest but I love rock and roll music, I host gigs in my church.' I just feel like there's a lot that happens’ (HBR10)

4. Manchester as an attractive place to set up a business

- Business networks and communities
 - ‘Certainly for me it's got everything that I would want and need both in terms of personal and professional living. It's got a **really strong networking community and business community**. It's very accessible. It's affordable to live. I think it's only going to become more of an attraction for businesses as we move forward’ (HBR11)
 - ‘But **everyone sort of opens their arms**, and it's a really nice place to work in. I don't know if other cities would be the same’ (HBR6)

4. Manchester as an attractive place to set up a business

- Location and transport links
 - ‘Yes, there are other cities with creative sectors, but I don't know whether they would be as good as Manchester. The other thing with Manchester is it's **not that far away for other creative sectors**, such as Liverpool, where I've got a lot of clients; Chester, I've got a few there. I've got some in Sheffield. If I wanted to make a major play I could go to Leeds, and that's probably only 10 miles further away from where I live than Manchester is’ (HBR6)

5. Not accessing mainstream financial support

- Current formal business support not addressing needs
 - ‘I think [Government Business Support Agency]... I met them in March last year but I'd already made all the money through [another investor] and everything but **they wanted me to show an increase through their involvement** and I was like, 'Well I haven't actually improved my sales this year because of you. I've already done that on my own back,' but I suppose they get government funding' (HBR7)

5. Not accessing mainstream financial support

- Community/peer networks
 - ‘....the community that we worked with six years ago have come along that entire journey, followed us through social media, through over 150 events, and via some very major projects. All donated or put money into **Kickstarter**, and created this space. Off the back of this space that's been around for six months, we're now expanding and we've just taken two leases on buildings, one opposite, across the road... and one directly next door’ (HBR4)

5. Not accessing mainstream financial support

- Role of venture capitalists/accelerators
 - ‘Since we got on the accelerator that was actually painless because that was the whole point of [the accelerator] that **they provided you with really everything you need to speed up the growth of your business.** So we had training for stuff like accounts, how to keep your accounts or how to raise investment. So, from that perspective, it was quite rosy almost’ (HBR3)

5. Not accessing mainstream financial support

- Important role of mentors and ‘angels’ (Bruton et al, 2001)
- Almost half (49%) of survey respondents received support from a mentor or regularly attend meet-up forums
- Mentors/‘Angels’
 - ‘Women in Business, which is run through Manchester City which is just obviously for women... **I had a mentor...who was employed by them, she's a business advisor and she's been great actually.** She put me in touch with quite a few different women entrepreneurs’ (HBR13)

6. Generators of new cultural opportunities

- Impact on the neighbourhood
 - ‘Loads ... More **people engaged**’ (HBR23)
 - ‘We also host events now in the evenings. Various ones, spoken word to creative meet-ups and that kind of stuff. In terms of local suppliers, all our supply chain is within a mile of this shop’ (HBR4)
 - ‘Helped **build up new cultural and retail environments** in the city’ (HBR22)
 - ‘We keep the bar in business’ (HBR28)

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Creative entrepreneur

- ‘We had a vision and an idea that we executed and only really now are we knuckling down and trying to formulate structures, plans and implement things that will make us more sustainable and treat it as a sustainable business and a viable business in terms of fucking figures a lot more, because **we didn't birth it for figures**. We birthed it because we wanted it to be here. We wanted to make it happen’ (HBR10)
- ‘**Money in itself and climbing up and doing that has never been a motivator**. Just creating something of community, I've always loved that; something where people can eat together and invest in time together and be inspired. I've always wanted to be involved’ (HBR5)



Thank you

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