

## WP 5 - Training Needs Analysis (TNA) for the Experience Based Business Development Project

### INTRODUCTION

The Experience Based Business Development project aims to provide regional business consultants, with new skills and tools to improve the understanding among SMEs about the potential of experience based economy.

#### 1. Aim of TNA

The aim of this first work package was to carry through a training needs analysis in order to determine the scope within which the training module should be developed. A Training Needs Analysis process basically consists of two parts: (i) the identification of training requirements and (ii) the most cost-effective means of meeting those requirements.

Consequently

- We first identified the characteristics and driving forces within the creative industries sector and explored potential synergies between creative industries and other business sectors. The analysis provided an overview of the competencies needed in conventional SMEs, and the competencies that local and regional business consultants need in order to support the SMEs in their development work, as well as how creative innovation can create added value and business development for the more conventional SMEs. As such this TNA provided a good overview of directions and guidelines for the subsequent development work.

This phase is discussed in Sections 2 till 7.

- We then explored how to best address these needs within the limits of the capabilities of the consortium.

This phase is discussed in Section 8.

#### 2. Preparation

During the first partner meeting held from January 11 to 13, 2010, hosted by BASW (South Denmark) in Esbjerg, the following was agreed upon:

- The aspect of a European dimension to the TNA was discussed. Covering in the partnership a total of only 4 European countries, the project partners cannot really claim that the TNA will be an international survey. And there is no point really, as only testing and trial-outs in 4 countries will be done. Further, the differences between the partner countries (being all Northern European) are assumed to be of minor importance.

- To serve as a proper basis for the development of training module and tool box (WP 6) the TNA will be structured accordingly and will have two tracks: elaborating on the needs of business consultants (cf. the training module) and of conventional SMEs (cf. the tool box) respectively.

- The initial information received for the TNA tended to be predominantly theoretical. There was a need for more practical data to supplement that. To gather further, and practical, information and data for the TNA it was decided that all partners will do a minimum of 2 interviews with business consultants in their partner regions/countries to learn about the needs of consultants and companies respectively.

## 3. The final TNA questionnaire

The following questions were used as a guideline for the interviews that the project partners conducted within their region with business consultants.

### 3.1. Consultants

- The needs of the consultants, who are assisting the SMEs in how to become more innovative. In which way do you, as a consultant, stimulate SMEs to become more innovative? Which methods are you using today? What are the common problems in guiding SMEs within the field of innovation?
- Knowledge of the consultants, who are assisting the SMEs, of the experience economy. Do you know what experience economy means? Do you (or your organization) advice SMEs in this field going from branding, story telling, events, customization? Which tools do you already use?
- A description of the pedagogical methods. Which train-the-trainer methods should be used to reach and motivate you as a business consultants in the best and most effective way?

### 3.2. Companies

- The driving forces within the creative sector. Why and how are the creative sectors so innovative?
- The needs for innovation in more conventional SMEs. What is the level of innovation in more conventional SMEs today? What would be their potential if they became more innovative? To what extend are these SMEs working as companies in the experience economy?
- The synergies between the creative sector and the more conventional SMEs. What and how can the conventional SMEs learn from creative companies' approach to innovation?
- A description of the pedagogical methods. Which methods should be opted for in order to reach and motivate the SMEs in the best and most effective way?

## THE REPORT

### 4. Some definitions

Before looking at the needs of the business consultants and the SMEs, it seemed to be useful to clarify some 'definitions'. The interviews revealed that terms like innovation, creativity, creative sectors and experience economy are used and interpreted in a different way. In order to prevent misunderstanding a clear definition of these words is needed.

- Creativity is defined as having and/or generating a new idea.
- Innovation is defined as the exploitation and realization of an idea.
- Creative Industries are defined as those that have their origin in individual creativity, skill and talent. They include industries that have the potential to create wealth and job creation through the development, production and exploitation of intellectual property. There are a number of distinct industries which make up this sector including: (1) Audiovisual: film, radio/TV, (2) Music, (3) Fashion, (4) Architecture and design, (5) Printed media: books, newspapers and magazines, (6) Visual arts, (7) Stage/performing arts, (8) Advertising, communication & PR, (9) Software: gaming, web development/ social media

Status and practice of experience based business development at the start of the TNA activity

*"By working with experience-based business development, businesses across the business community have the potential to create added value, attract new target groups, retain qualified employees and develop new and different products and services – all of which contribute to growth. (...) This very ability to devise new concepts and solutions and adapt a variety of knowledge to new situations is decisive in a context where market competition is intensifying and where the ability to differentiate in order to comply with individual consumers' unique needs for experiences is one of the most important competitive factors."*<sup>2</sup>

*The following paragraphs provide an overview of the current status and practice of experience-based business development in the ExBased partner regions and/or countries at the start of the TNA activity.*

#### 4.1. Experience Economy in Denmark

Experience economy as a source of growth has in recent years moved up significantly on the agenda in Denmark; it is on the agenda of consumers, enterprises as well as politicians. The term has come to cover more than creative and cultural industries, tourism and leisure parks and products. To an increasing extent, experiences are recognised and being applied as a strategic tool to differentiate products and services in all business sectors, including in conventional companies. Creative competencies are ascribed a decisive role in Danish industry's ability to stay innovative and competitive.

Recent studies (2008) from the Danish Enterprise and Construction Authority reveal that experiences are already widely integrated in large parts of the Danish economy: widely spread across business sectors and regions in the country, more than 40 per cent of Danish companies use experiences in three or more parts of their company's value chain and three out of four companies estimate that experiences in the future will affect their ability to develop and position themselves on the market. Further, the studies reveal that the creation of experiences stands central in companies' innovation processes and is a more important driver for developing new business areas than are other factors such as globalization generally, climate change or health and obesity issues.

<sup>2</sup> Quote from Danish Enterprise and Construction Authority (2008): 'Growth through Experiences'

In the Region of South Denmark specifically, experience-based business development (termed 'design, image and branding') forms part of the region's current development strategy. Figures from the region point to significant potential for further growth: currently, 6,500 employees from within South Danish companies work with styling, image and branding. In ten years, the field has grown with 43 per cent.

In terms of economic and business affairs, there are thus political perspectives in spreading the good examples and provide even more companies with an understanding of how to work strategically with experience-based business development. Evidencing the national political attention to the potentials of experience economy in Denmark is the national Center for Culture and Experience Economy (CCEE); an independent government-funded agency established in 2008 jointly by the Ministry of Economics & Business Affairs and the Ministry of Culture. Creating the CCEE was part of the Danish Government's globalisation strategy and the result of an agreement between a broad coalition of political parties which recognized the importance of culture and the experience economy to Denmark's general economic outlook. Accordingly, CCEE's vision is to help realize the potential for integrating culture and experiences into Danish enterprises and to improve conditions for business growth.

However, to fully utilise the potential of experience economy the public sector faces the challenge of creating suitable framework conditions which also underpin cooperation between the creative and conventional business sectors. For Denmark to become a leader in experience economy requires that businesses, education and business support systems to a greater extent adopt the mindset of experiences as a means for business development. Furthermore, reports (RegLab 2008) recommend that business support systems be equipped with a proper understanding of the experience economy as a source of creativity and breakthroughs in established businesses. The public business system is close to the individual companies and thus has as its prime task to identify problems and possible solutions. It is recognised that experiences as a tool should become part of the business advice tool box.

## 4.2. Experience Economy in the UK

The UK Trade and Investment government agency states that the UK is 'a world leader in experience economy'. However it does limit the term to the creation and operation of visitor attractions such as museums, art galleries, heritage sites, gardens, zoos and leisure parks. This terminology is also used by architects, engineering and construction firms, who have been involved in designing and building such attractions. Business Link, a government business support agency, uses the term in much the same way, but more specifically in relation to the creative industry in the UK. The remaining information is currently limited to book extracts, consultancy presentations and websites from Denmark and Australia. However it requires some sifting through to find specific information on the experience economy. In addition, much of what is mentioned in the UK falls under the banner of creative experience economy, and there is little reference to conventional companies creating an experience economy within their business. Little evidence seems to exist of how a company could implement an experience within their business. However, interest has been shown from a research perspective as it was announced in February 2010 that the University of Sunderland's Business School launched the Centre for Research into the Experience Economy (CREE), the first in the UK to provide a high-profile global focus on research. Professor Kevin Hannam, Director of the Centre for Research into the Experience Economy, said: "The experience economy captures so many aspects of global business in the 21st century. Retail, tourism, marketing, nursing and legal professions are among those sectors which now understand the importance of what 'experience' customers have. It can create positive memories which have the power to transform businesses."

He goes on to state that the aim of the research is to 'add value to the UK economy through co-ordinated, disciplined work which will reveal the core drivers of the experience economy'.

So in summary the information is scant, confusing and not currently of use to businesses, but the subject seems to be moving up on the agenda as an area of interest.

## 4.3. Experience economy in Tampere region

In October 2009 Tampere business life published the first experience economy strategy for the Tampere Region. According to the strategy the region's experience economy is based on three main fields: 1) traveling, 2) culture and other creative industries, 3) sports and well-being. In the year 2008 the overall turnover of these fields was 1.3 billion €. Growth-wise the primary target groups of the region's experience economy are tourists from St. Petersburg and large European cities with direct flight connection. However, local consumers are also a major part of experience business generating vital cashflows. From the viewpoint of traveling and creative industries the experience economy is on the political agenda. The term experience economy is known in the business developer sector and in the traveling business but in general the term is quite unknown.

## 4.4. Experience economy in Flanders region

When looking at Flanders it can be stated that experience economy has not yet been largely distributed. Some very specific aspects, like user centered design or storytelling, and very specific fields of industry have been working on this new concept (retail, marketing, entertainment, and fashion). Meaning that in Flanders there is no general strategy on experience based business development.

But some specific projects can be referred to at this stage:

- Voka - Chamber of Commerce and Industry Antwerp has recently launched the 'Innovatie Bovenlokale Retail'-project, directed at introducing experience specifically in the retail sector.
- The Humin project offers 30 traditional companies to work with designers in order to introduce people centered design. Humin is an initiative of Designregion Kortrijk, City of Genk and Flanders InShape with the support of Flanders and Europe.

as well as specific research initiatives:

- Retail design and experience economy, University of Hasselt.
- Service innovation, Innovation Centers Flanders.

However it should be noted that the broader context of experience economy, namely creativity and innovation, has received a lot of attention during the last years within companies as well as on policy level. This will certainly facilitate the introduction of experience economy.

## 5. The needs of business consultants (the training module)

The following section describes the needs of local and regional business consultants, in the partner regions, in order to support the SMEs in their development work in the field of experience economy. As such it provides a good overview of directions and guidelines for the development of the training module. It should be noted that several conclusions formulated in this section are not directly linked to the theme experience economy, but are more generic. They are also directive for the development of other training modules. All conclusions are based upon the interviews the project partners have done for the TNA.

Other and larger national studies support findings and conclusions extracted from the ExBased partner interviews (cf. sections 6.1 - 6.6 below). Considering the business development potential offered by the experience economy, it is widely recognized that the public sector faces a challenge in providing prerequisites and framework conditions which will stimulate the introduction of creative competencies into the wider business community. The challenge lies not least in defining and developing the right 'formula' as company cases studies evidence that 'no one size fits all' in terms of how to best incorporate experience-based business development processes into conventional companies.

Existing analyses argue that what groups companies into those that can and those that cannot or do not deal with experiences as a business development tool is not a matter of the will to do so, but rather a matter of ability and awareness. Based upon this, it is argued that qualified consultancy and guidance to companies is what is lacking. The public sector business consultancy system is not suited to the task: experience-based business development is not part neither of consultants' existing competencies, nor is it usually amongst the services offered and in turn professional guidance and consultancy cannot be provided.

All the more so, there is an evidenced need to promote understanding and knowledge of experience-based business development not only amongst companies, but equally important amongst business consultants [p.81]. Moreover, analyses argue that the public (as opposed to the private) sector has an important role to play, as the public sector system and its locally based business consultants tend to be closer to the companies. Thus likely to be better informed about needs and potentials, consultants will be in a position to identify and point out those companies where it would be relevant to start introducing experiences as a business development tool. Based on such observations, analyses recommend as one out of more actions forward that business consultants be trained and equipped with competencies in experience-based business development.

## 5.1. Consultants - not all the same

The ExBased project wants to develop a training module for consultants. However not all consultants are the same, several types of consultants can be distinguished:

- Public sector consultants: These consultants are entirely or partly financed by the public sector. Public sector consultants are mainly working on the first two stages of business development namely raising awareness & inspiration and diagnostic & acquire.
- Private sector consultants: These consultants work in the private sector and are specialist in different areas for instance marketing, strategy, lawyers and auditors. Private sector consultants are generally active in the third stage of business development namely action & implementation.
- Network & internal consultants: Some companies have a board, which serves as internal consultants. The management also often use their network to gather new knowledge and to bounce of new ideas on.

But there are also other types of consultants, who could be potential target groups. The training module might for instance become a module within educational environments.

So when developing the training module these different target groups, or a selection of it, should be taken into consideration. During the second partner meeting these different target groups were discussed. A clear distinction can be made between consultants from the private and the public sector. The distinction is important in that there are limits to how much public consultants can do with the companies without interfering with the private market consultancy. This influenced the content of the training module. It was agreed that the target group of this project would be the public sector consultants. In turn the training module and toolbox was primarily be designed for launching purposes like raising awareness & giving inspiration on experience based business development and diagnostics (where they are; where they want to be; how they get there). However, as it will be useful for public consultants to know what next steps are for a company (e.g., in consultation with a private consultant), the training modules and toolbox also include some of this as well (e.g., the action list).

## 5.2. Consultancy - not all the same

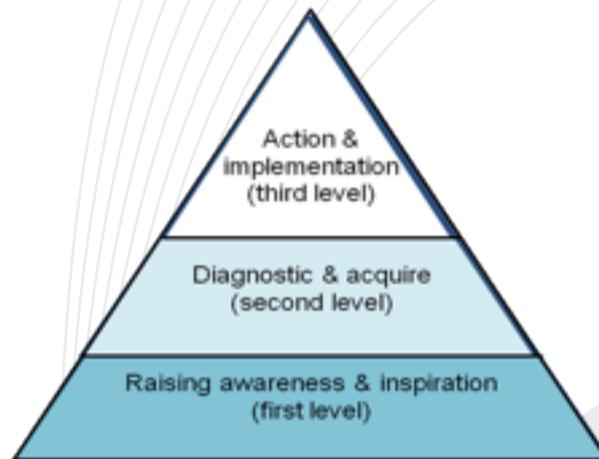
The TNAs revealed that most consultants are aware of the fact that innovation is a strategic choice for a company. Several distinctive techniques and tools are used to stimulate SMEs to become more innovative: audits, coaching, workshops and seminars, networks, etc. Of course each of these techniques has its specific purpose. However most consultants are in favor of a one-to-one coaching path, when talking about innovation and when pursuing a profound and high-impact result. For the development of a training module it is recommended to offer consultant material that can be adapted and used for several purposes, namely for a workshop or seminar,

for an individual coaching path, etc. Moreover, during the interviews the consultants explicitly asked for a flexible, modular training module.

But, there are other arguments to opt for a modular training module, certainly when looking at the theme of this project "experience economy". In the new experience economy products and services demand for an attractive, stimulating environment that is controlled by the producer (first generation of experience economy). Offering a modular training module, allows to use it in different settings and for different needs.

Ideally, this modular approach also allows the consultant to create awareness about the experience economy on three levels (similar to the three levels to stimulate innovation and creativity), namely the owner or the manager, the company level and all external factors (stakeholders, economic situation, etc).

During the second partner meeting it became clear that the different levels of business development also have an influence in this context. Therefore a pyramid figure illustrating these different levels of business development was worked out. This pyramid will be further worked out during WP 6 - design & development of the training module & toolbox.



## 5.3. Need for a clear definition

The interviews conducted in the framework of this TNA, reveal that the term experience economy is not interpreted in the same way. Some consultants referred more to the design thinking aspect, some other to the user driven aspect, some other to storytelling, some other thought that it is only used in business to consumers environment, etc.

The TNAs also revealed that consultant know generally some examples of local companies active in the experience economy, when giving a broader explanation of experience economy. Meaning that some consultants know partially what experience is about, that some companies are doing it, but that it is not necessary referred to as "experience" by themselves.

During the second partner meeting the terms first, second and third generation experience economy was discussed. In order to avoid confusion it was decided better not to bring this into the training material. In general the training material needs to explain the concept of experience economy by examples and not use too many terms.

## 5.4. Need for theory and practice

The TNAs show that most of the consultants have some basic knowledge about the experience economy. The term is not new for them. But when going into depth, it becomes clear that most of these consultants only have a partial knowledge of the experience economy. They only associate it with storytelling, or they only link it to certain sectors like tourism and theatre. Those that already advise companies on the experience economy only focus on one aspect and they certainly don't use it in conventional/traditional SMEs. Moreover only a few tools close to the subject exist, for example Made to Stick-tool of Flanders DC, and Innovation Management tool of Tampere.

Next to that several consultants remarked that they have a business minded, action oriented approach to consultancy, because companies often expect quick results. So they demand for a training module with a learning by doing approach and closely linked to the business cases they are working on, and thus not too academic.

## 5.5. How to reach and motivate consultants

Apart from the content, the interviews also revealed some other common needs of the consultants, that are directive for the development of the training module:

- The training module should be as compact as possible and non-time consuming, because they lack the necessary time for training and development. Concretely a 2-day program, a 24 hours conference, or a 2-3 hours per week in 5-6 weeks, might be thought of.
- Consultants prefer an interactive, group training, as this allows them to share and discuss the topics with their colleagues.
- As discussed in 4.2, it is recommended to develop a modular training module, offering consultants material that can be adapted and used for several purposes, namely for a workshop or seminar, for an individual coaching path, etc.

## 5.6. Content of the training module

Combining all this information, it is advisable to:

- Develop a training module that shares theoretical knowledge and common understanding of definition with the consultants, and that gives a complete picture of all facets of experience.
- Start the training module with some innovation theory: what is innovation & creativity, how can companies apply it, etc.
- Include best practices cases and examples from different sectors to inspire and show consultants how experience economy can be introduced in all kind of sectors, including the conventional sectors. And thus also bringing different viewpoints.
- Preferably the training module includes an action list, teaching consultants the first steps they need to take in their advising role towards companies.
- Moreover the material should be able to be adapted and used by the consultants for several purposes, namely for workshops or seminars as well as for individual coaching. Preferably the consultants learn different consultancy tools. This naturally also requires that the training material consists of different methods (seminars, workshops, networks, individual coaching of the management as well as group coaching of employees).
- The training module should also include the possibility to trial out the tool in company. Allowing consultants to use the knowledge directly and use it within a business setting. This is an essential part to make sure the content sticks in the minds of the consultants.

## 7. The needs of the companies (the toolbox)

The following section describes the needs of the companies, in the partner regions, to innovate and common problems when innovating. This section also identifies the characteristics and driving forces within the creative industries sector and explore potential synergies between creative industries and other business sectors. The analysis provides an overview of the competencies needed in conventional companies in order to support the companies in their development work in the field of the experience economy. As such the TNA provides a good overview of directions and guidelines for the development of the toolbox. All conclusions are based upon the interviews the project partners have done for the TNA.

Other and larger national studies support findings and conclusions extracted from the ExBased partner interviews (cf. sections 7.1 - 7.8 below). Analyses of several company case studies evidence that the size of the company is an important and distinguishing factor. Existing examples show that larger and more resource full companies tend to feel better able and equipped to embark up the process of integrating experiences into company products and processes whilst smaller and medium-sized companies tend to feel 'lost at sea'. They lack the necessary resources, knowledge and competencies and are consequently more hesitant and difficult to motivate. All the more so, considering the business development potentials offered by experience-based economy, there is a need to break down the barriers by means of consultancy and guidance.

Existing examples of regional initiatives point to a need for pro-actively targeting and reaching out to companies, as they are unlikely to come and knock on the door themselves asking for assistance and consultancy on experience-based business development tools. Further, analyses stress the need to motivate by means of concrete cases and examples and by focusing specifically and concretely on the positive effects that a company can gain from working strategically with experiences.

The benefits from cooperation between creative and conventional companies are clearly evidenced by existing analyses: the NESTA studies in the UK showed that businesses in the wider business community that collaborate the most with creative industries are significantly more innovative. However, such synergies, important as they may be, are not proven by analyses to be the determining factor. Common for a large share of those companies which today work with experiences in their development processes is that they have established links to the creative industries sector, but equally it appears that ideas and creative resources may often also emerge from within the company itself. The latter point to the importance of involving a company's members of staff in the processes and implies that experiences and creative processes are not merely beneficial in terms of the transformation and communication of a company's products, but can also be a positive push-factor for development or change internally in the company. The principal challenge to these businesses is to bring their skills into play and to obtain the necessary tools for working with experiences.

### 7.1. Why innovate?

The economic situation in Europe proves that innovation is crucial nowadays for companies. Of course several arguments can be pushed forward, but probably there are three main reasons:

- Because there is no alternative: in a period of rapid change not moving forwards is moving backwards
- Because consumers - internal and external - are more demanding and more articulate about what they need, so if you want to keep them you have to listen and respond
- "The goal of innovation is positive change, to make someone or something better." Companies innovate to differentiate themselves from potential competitors and to explore ways of lowering costs, adding value, identifying new markets and solving issues.

4 The following 3 paragraphs draw primarily on the 2008 focus analysis 'Oplevelsesbaseret forretningsudvikling' (Experience based business development). The analysis was made by RegLab based on 22 company case studies and 6 regional public initiative projects in Denmark and Sweden.

5 Conclusion drawn also from statistics presented in the 2008 report 'Growth through Experiences' by the Danish Enterprise and Construction Authority.

6 The 2008 NESTA studies were based on British statistics for inter-company trade and innovation studies. Source: Danish Enterprise and Construction Authority (2008): 'Growth through Experiences'.

Generally there are a lot of differences at the companies level of innovation. But the need for innovation has been noticed in conventional companies and the ground has become very fruitful. The attitude has been changing, because of the need to jump out, operate with the prices and increase added value to the products and/or services.

## 7.2. Why companies do not innovate

But when advising companies on innovation, consultants see some common problems that are certainly important to be reminded of when developing a new tool.

- Time and money: Companies are under big pressure these days and they are very focused on the bottom line. Their main goal is survival. That only leaves a very limited amount of resources for innovation. In addition companies are often lacking a long term perspective: innovation is expensive, what is the added value; they are focused on the short term: making profit and money in the short run, survive, etc. Innovation is seen as a high risk with a high cost and slow return on investment.
- Conservative methods: At the same time the responsibility for innovation is at the top management/owner and they are also under pressure. Often they lack the courage, knowledge and capability to innovate. Or they stick too much to conventional ideas and processes. Companies are often not innovative because they lack an innovative culture and do not have the human resource capabilities.
- Convince: Consultant often need a lot of time to convince companies to start with an innovation/change process, or to introduce new concepts.

Combining all these elements, it is recommended that the toolbox starts with an 'easy story', shows some quick wins, clearly describes the "what's in it for me", and shows some best practices.

## 7.3. The creative sectors, more innovative?

Several interviewees also pointed out that the creative sectors are often considered to be much more creative and innovative than the conventional sectors. When looking at the products/services of the creative sectors, this is certainly true. They are also more actively involved in the experience economy of the first generation. But when looking at their activities and internal processes this is certainly not true, most of the time the business side of the creative sectors is very traditional and non creative. As such the creative sectors are not necessary more innovative, but generally more customer driven. The TNAs made clear that a distinction has to be made between the end product/service of the creative sectors and the way they obtain this "output".

## 7.4. Synergies between the creative and the non-creative sectors

The TNAs revealed that there are several synergies that can be detected between the creative sectors and the more conventional SMEs. These synergies show that conventional companies can learn from the creative companies in several aspects.

- The traditional sectors should learn from the creative sectors, and that is the tolerance to fail. The tolerance to fail and not to always achieve something is bigger in the creative sectors than in the more conventional industry. Managers and CEOs of companies should realize that innovation is also about making mistakes and learning from these mistakes. During the second partner meeting it became clear that not all partners could agree with this conclusion. They argue that not so much a difference in the tolerance to fail is crucial, but more a difference in the entrepreneurial mindset of the companies is crucial.

- The mindset of spontaneity and openness of the creative sectors could also have a positive influence on the traditional sectors. Bringing both types of companies together can result in a positive choc effect and as a source of innovation.
- An innovation strategy that is immediately recognized by those in the creative sector but only dimly understood and valued by traditional businesses is design-driven innovation. Bringing traditional companies in contact with designers for example has already resulted in some very good results. In this respect designers are probably the best placed to introduce experience in a product. As such the creative sectors are and could be used to introduce experience in a product for instance by using design, theatre, music, etc. and thus allowing a company to enter the first generation of the experience economy. This does not necessarily produce an improved or more beautiful product; rather, it creates a completely new understanding about the meaning of that product.
- The interviews also showed that companies should start to realize that nowadays people do not buy products but meanings - this has always been true of creative products but now it applies across most industry sectors - people use things for profound emotional, psychological and socio-cultural reasons as well as for utilitarian ones. Some of the interviewed consultants believe that firms therefore need to learn to look beyond features, functions and performance and to understand the real meaning users give to things (user driven innovation). Working with creative practitioners/businesses would give traditional businesses a clear head start in this field.

But the creative sectors also need to realize that if they would actively look for cooperation with the non-creative sectors, they would have a bigger growth potential.

Networking between the creative and the non-creative sectors should thus be stimulated. Networking and different perspectives can generate new innovation processes, new innovative solutions, products and services. The possibilities are unlimited and it can bring business possibilities, customer-orientation, produce networks and technological options.

Interfaces need to be set up where the professionals from different backgrounds could see each other and for example talk about the innovation or design a project together. Larger companies often are looking consciously for cooperation with the creative sectors, and with success. Some initiatives bringing designers with companies from the traditional sectors together can already be spotted. So further support in this kind of projects, networks and fora bringing both worlds closer together and indirectly stimulate innovation is advisable. Also networking within the non-creative and the creative sectors should be fostered.

## 7.5. Companies - which target group to choose?

Looking at the definition of the European Commission enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfill the criteria summarized in the table below.

| Enterprise category | Headcount | Turnover or    | Balance sheet total |
|---------------------|-----------|----------------|---------------------|
| medium-sized        | < 250     | ≤ € 50 million | ≤ € 43 million      |
| small               | < 50      | ≤ € 10 million | ≤ € 10 million      |
| micro               | < 10      | ≤ € 2 million  | ≤ € 2 million       |

The interviewees pointed out that in most European countries 95% of the companies are SMEs:

- Most SMEs are service companies and thus not producing products.
- Most SMEs are small enterprises with 5, 10, maximum 20 employees.
- SMEs are active in the B2C but also (and even more) in the B2B market.
- Most SMEs are active in the non-creative sectors.
- A substantial amount of SMEs are small retail shops.

This target group should be kept in mind when selecting relevant best practices. Using examples of multinationals for instance would not have a lot of impact. The companies need to recognize themselves in the best practices cases and see clearly how they as a company can also enter the experience economy. As such compelling concrete examples of traditional companies that have changed their way of working into more creative methods, and having success with it, and from different industries should be part of the toolbox.

During the second partner meeting it was discussed whether micro and small companies are likely to have the same needs as well as the same prerequisites for taking on board experience economy as a business development tool. If the toolbox is flexible and modular it should be able to cope with this in the sense that a micro business may need to start at a stage 1 whereas a small company may be ready to jump straight into a stage 2. When looking at the size of the companies it is not their needs that are differentiating micro, small and medium-sized companies. It is more their ability to deliver on the tools. This may be deemed by size, but also about people and/or the culture of the company. Having this in mind the toolbox will be mainly directed towards micro and small companies.

As concerns the sector, it was agreed that the primary target group is conventional industries. But if distinguishing between the process and product, some of the tools and material we develop through ExBased may be relevant also for creative sector companies and would then be a project added value.

The toolbox should thus consist of a bunch of material that can be picked from depending on the one-to-one situation.

## 7.6. Experience economy – a new perspective

The interviews made clear that only a few companies have taken the step in the direction of experience economy or a customer driven strategy. Occasionally companies are working in the field of experience economy but they don't know how to put a price on the added value. So the main goal of the ExBased toolbox will be to raise awareness about the experience economy.

Awareness needs to be raised by:

- Showing relevant best practices.
- Showing companies what the actual benefits are that they might reach or receive in this method. The advantages have to be very visible. As mentioned before companies are under big pressure these days and they are very focused on the bottom line. Their main goal is survival. That only leaves a very limited amount of resources for innovation. In addition companies are often lacking a long-term perspective: innovation is expensive, what is the added value; they are focused on the short term: making profit and money in the short run, survive, etc. As such they want to know "what is in it for me?" and they want to have fast results.

At the same time it will be necessary to make companies realize that in the experience economy making profit based upon selling products and services will not do. A business model based upon the assumption of price equals cost plus margin won't do. Companies need to realize that the price of a product or service will depend on de value it delivers to customers. As such companies in the experience economy will start to charge for the experience they offer the customers. The toolbox should provide some guidelines and examples of how this value can be calculated.

## 7.7. How to reach and motivate the companies in the best and most effective way

Finally during the interviews some items that might be important for the development of the toolbox were mentioned several times:

- The tool should be (almost) free.
- We should use language that is clear, forgetting the 'academic' words like innovation and strategy. Moreover the term "experience economy" might have a reverse effect on companies. The term might sound to fancy and make companies believe it is nothing for them. But if you can introduce the concept via other ways, companies might be opener and interested (for instance by focusing on user-centred approaches).
- The tool should be easy accessible. Of course an online tool is in this respect advisable, but only gives partial answer to a certain question. It is felt that a physical tool is more appropriate.
- The tool should provide a framework that is adaptable to the particular case in which it will be used, and it should also allow making necessary changes in the future, when e.g. trends have changed.
- Finally some interviewees asked the question what the role of education could be. Some think education can play an important role in the spreading about the knowledge about the experience economy. Let us think of product designers. Another idea could be to offer the companies a visit from a task force of creative people (perhaps students).

## 7.8. Content of the toolbox

At this moment we would like to propose to development a toolbox for companies composed of several elements, very much in line with the training for the consultants:

- In the first place the training module should include a session on creativity & innovation theory in general, as consultants are not necessarily up-to-date on this. The toolbox may equally contain a tool on innovation; companies may need this step before they can move onto experience economy as a business development tool.
- In the second place awareness needs to be raised, because the experience economy is very new as concept for most companies. Companies need to be inspired and awaked. The best way to do this is by showing best practices cases and examples from different sectors on how the experience economy can be introduced in all kind of sectors, so also in the conventional sectors. In this way companies are shown the actual benefits. Moreover it is important to collect cases that companies can relate to, perhaps local cases. As such the cases would be an eye-opener for the companies.
- The toolbox also needs to include an action list, showing the first steps towards the experience economy. The toolbox must show how they experience economy can be put in place in an companies, how the companies can apply it in its company, which steps they should take and what it involves. In this way making sure the first action steps are taken.
- The toolbox should provide some guidelines on how the price of a product/service can be calculated, based upon the added value for the customer.
- Additionally the toolbox could inform the companies on who can advise them, which consultants specialized in this subject can help them, where they can find further inspiration and what to do next.
- Moreover, it is not only about inspiring people, but also about follow-up. Do they start to do things in an agreed way? Consequently the follow-up and the support systems need to be in good condition and needs to motivate people to take action.
- Finally the toolbox should consist of different methods: seminars, workshops, networks, individual coaching of the management as well as group coaching of employees.

## 8. Selection process

During the partner meeting in Tampere, the needs arising from the above analysis was revisited together with the experiences partners had acquired by applying the tools.

Every partner first individually assessed the possibilities to address the identified needs with:

- Existing own tools
- Own tools already in development
- Variations/enhancements of the above

This assessment happened within the scope of the results of analysis described above, the project timeline and the available project resources.

Then, a similar assessment took place between the different project partners to investigate which combination of tools, existing or under development, would be appropriate. During these discussions, use was made of the common (and significant) experience of deriving tools from identified needs.

The decision of which tools to include/refine was eventually taken by consensus. The result of this process is presented in WP 6.



*This project has been funded with support from the the European Commission.  
This publication reflects the views only of the author, and the Comission cannot be held  
responsible for any use which may be made of the information contained therein.*



Education and Culture DG

Lifelong Learning Programme

## SOURCES

B. Joseph Pine II, James H. Gilmore (1999), *The experience economy: work is theatre and every business a stage*, Boston (Mass.): Harvard business school press

Albert Boswijk, Ed Peelen (2008), *Een nieuwe kijk op de experience economy: Betekenisvolle belevenissen*, Pearson Education Uitgeverij

Diane Nijs en Frank Peters (2002), *Imagineering: Het creëren van belevingswerelden*, Uitgeverij Boom, Amsterdam

Danish Enterprise and Construction Authority, *Growth through Experiences*, 2008

RegLab, *Oplevelsesbaseret Forretningsudvikling*, 2008

Region of South Denmark, *Handlingsplan 2009-2010*

Center for Kultur- og Oplevelsesøkonomi, web: <http://cko.dk>

*Trends in the Service and Experience Economy - The Experience Profit Cycle*; paper by Chris Voss Professor of Operations Management and Senior Fellow Advanced Institute of Management Research for London Business School March 2004

*Dimensions of Cruisers Experiences, Satisfaction and Intention to Recommend*, Working Paper by Sameer Hosany and Mark Whitham for School of Management, Royal Holloway University of London May 2009

*The Experience Economy and Commercial Experiences* by Susanne H. G. Poulsson, Sudhir H. Kale *The Marketing Review*, Vol. 4, No. 3. 2004

*The experience economy strategy of Tampere region 2010-2012*: <http://www.luovatampere.fi/getfile.php?file=477>, Interview of advisor Harri Ojala, Tampere Chamber of Commerce

<http://ec.europa.eu/education/lifelong-learning-policy/doc/creativity/report/preface.pdf>

<http://ec.europa.eu/education/news/news2089n.htm>

[http://en.wikipedia.org/wiki/The\\_experience\\_economy](http://en.wikipedia.org/wiki/The_experience_economy)

## ANNEX

ANNEX 1: Input TNA from BASW

Interview with: Erik Dam, Business Consultant - SVUF (Esbjerg)

Interview with: Kristian Bendix Drejer, Manager - Esbjerg Business Development

ANNEX 2: Input TNA from CIDA

ANNEX 3: Input TNA from Flanders DC

Interview with: Bas Sturm - Innovatiecentra Vlaams-Brabant

Interview with: Piet Grymonprez and Christel De Maeyer - HOWEST

Interview with: Isabelle De Voldere - Idea Consult

Interview with: Liesbeth Longueville - Flanders Inshape

Interview with: Philip Vanneste - Innovatiecentra West-Vlaanderen

Interview with: Steven Peleman - TomorrowLab

ANNEX 4: Input TNA from Erhvervenes Hus Aabenraa

Interview with: Lisbeth Strange Jensen and Uffe Elbæk - Erhvervenes Hus Aabenraa

ANNEX 5: Input TNA from Creative Tampere

Interview with: Lelle Niemelä & Timo Jyrkiäinen - Lellan Oy

Interview with: Tommi Salonen - SWOT Consulting

Interview with: Lelle Niemelä & Timo Jyrkiäinen (Lellan Oy), Tommi Salonen (SWOT Consulting),

Harri Meller (JSL Partners Oy), Olli Linjala (Aurinkoiset asenteet Oy), Heikki Lindevall

(D-marketing Services Oy)



*This project has been funded with support from the the European Commission.*

*This publication reflects the views only of the author, and the Comission cannot be held responsible for any use which may be made of the information contained therein.*



Education and Culture DG

Lifelong Learning Programme