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PERSPECTIVES FOR THE ROLE OF COACHING IN CREATIVE INDUSTRIES
Structures, targets and methods put to the test

Keynote for the final event of the transnational research project Creative Capital Conference
on 25th March 2014 in Potsdam at the State Chancellery of the State of Brandenburg

Structure:

Innovation and creativity – two concepts are dominating the debates about future and support

Who is a creative person and what characterises him/her? What is so different about this type
of person in comparison to the others?

The person comes first. Entrepreneurs coaching and personality

Being afraid of failing, the failure itself and how to deal with it

Freelancers are excellent entrepreneurs

What are the assets and weaknesses of creative persons? Where do they need coaching and
consulting the most?

Do founders get coaching for sufficient time?

Are founders coached and evaluated fairly?

Are there missing some business concepts and offers in the field of entrepreneurship?

The scenario of financing and promotion for founders is diverse – which programmes are
successful in creative industries?

Which strategy within the field of entrepreneurs coaching has been proven to be the best?

Prospects

Dear Ladies and Gentlemen, dear colleagues,

Innovation and creativity – two concepts are dominating the debates about future and support

I would like to start with a quote of Peter Sloterdijk from page 107 in his book “In the World Interior of Capital”.

“After the fading of ideologies throughout the whole world, the only keyword of suspension of inhibition that makes way for the transition into practice nowadays is called innovation. Only a few are aware that it presents a diminishing step of the former ‘laws of history’. Since the New Man has been taken off the market via a big recall, innovations in technology, procedures and design are forming the most intense attractions for all others who are still condemned to ask: What has to be done to reach the top? Who innovates can be sure of one thing: “The maxim of his actions anytime could generate the principle of a general law.” (The quote has been translated to express the general sense and sticks to the original text in German.)

I have chosen Sloterdijks skilfully expressed polemic attitude to start my speech because innovation cannot be an end in itself and we should not lose sight of the people behind the ideas. A mere observation from the many clouds casting back-office does not correspond to the people in general and even less to creative persons. I am even saying that this is no benefit for the economic prosperity of our society. So we can already ask the first question:

Who is a creative person and what characterises him/her? What is so different about this type of person in comparison to the others?

Psychological research emphasizes the following features of personality traits: independence, non-conformity, a broad interest, open-minded for new experiences and willingness to assume risks (Holm-Hadulla, quoted in Funke 2000). I totally agree with that.

However, in this list one thing is missing: the pure artistic element, the potential of a special and very individual form of expressing thoughts, emotions and convictions via colours, tones, shapes, pictures and stories. Not everybody possesses this gift and the artistic language can be expressed for different reasons: for example to set a demonstrative sign - I want to show others what I represent and nothing else; or maybe I want to initiate, inspire, take along, change with this very personal language.

Type 2 is the one we are interested in when thinking about business start-ups and innovations.

Psychology mentions further the influence of the social environment and the domain where the creative person is acting. There has been scientific research on these influences and the result was that cultural diversity (f. ex. people with different social, educational and ethnical backgrounds working together and cooperating) is an element that strongly promotes creativity (Holm-Hadulla page 35). Communication with others on the same level shows me whom I can inspire with my artistic and creative ways of expression and everything I can initiate.

When it comes to the start-up centres - or whatever we name them - this insight should be given more importance by those institutions and its structure. Diversity already exists in many institutions but often the sustainable communication between the parties is neglected. Our Scandinavian neighbours frequently apply their institutions earlier while focusing on dialogue and cooperation of differently socialised persons. This is a very good example we could follow.

Can entrepreneurs coaching strengthen personality traits?

Which personality traits are we talking about? Why is a change of such importance? First of all, any founding of a business cannot be successful if the respective person is not sure whether in five years he still wants to be an entrepreneur if his social environment is not showing any solidarity and he is lacking the skill to convince others of himself and his ideas. Therefore, an analysis of the personality and environment is as important as reducing obstacles or training how to present something with self-confidence.

The most fundamental restraints of creative persons with artistic backgrounds are the prejudices they have regarding the market and marketing. So it has to be shown and made accessible to the creative people that exactly the creative process in founding a business and its administration needs them. This process with all its contradictions and challenges, its crossing frontiers, its destruction of hardened and deadlocked structures depends on the creative person full of ideas, who has the target in his mind but also the economic as well as the artistic, esthetical and intellectual success. Not only turnover and earnings are fundamental, the terms “what” and “how” are gaining more and more importance.

Being afraid of failing, the failure itself and how to deal with it

Somebody who is looking for entrepreneurial success in this economy full of competition will not find if he is not willing to risk something. The entrepreneurial risk is a part of being self-employed, day after day. Too many young creatives choose what might be safe in their understanding and avoid risks. Since 5 years we have been doing surveys among the students and it results that particularly women have a higher demand for safety: 67% of the women but only 33% of the men stated that they are afraid of failing as reason for avoiding entrepreneurial self-employment. Therefore, it is of crucial importance to take that bashfulness off these young people. A failure is not a disgrace, it is more a new chance within. Next time one knows even better what issues one has to pay attention to. We still underestimate the value of a failure on the way to later success. I am mentioning it in this context as I have been able to meet so many young creatives who would have been excellent entrepreneurs but later quit what they were doing.

Freelance entrepreneurs

It is not uncommon that these people choose freelancing as their way of life and therefore slide away from the focus of the coaching support programmes which are mainly interested in entrepreneurs that create jobs. At this point I would like to destroy a prejudice that I have heard over and over again and I plead for taking freelancers much more serious. On the one hand, being the responsible person of the HFF's start-up centre I personally have a lot of contact especially to freelancers. They are already working as freelancers in the early days of their studies and make their first important experiences in business. This includes them being aware of the fact that they can only count on good market conditions if they dispose of unique selling points which create additional values for the clients. They also have their first experiences in the fiscal and social insurance-legal field, for example the different customs of their clients regarding the payment, and much more. Even freelancers need coaching and consulting, maybe they need it more than anybody else as they have to arrange everything on their own. Of course it is harder to measure the success reached by coaching freelancers than by coaching business persons. Nevertheless, a well prepared coaching puts them into a comfortable position to operate in a more secure way on the market, to have a bigger and broader clients' portfolio and to get over contractual and legal hurdles.

Being the project manager of the Coaching Programmes in the State of Brandenburg, ILab and IBM - Innovations need Courage, within their scope we are identifying in the structurally weak areas creative persons interested in business start-ups, I can could mention numerous creative freelancers who after five or ten years freelancing developed great and scalable business concepts and now want to put them into practice – combined with a convincing package of experiences.

Furthermore, in the meantime the term „creative industries“ has become very broad and no standard exists to rate or coach it. Architects, designers and representatives of the broadcasting organizations have clearly different requirements than for example actors/actresses, free artists and composers. Those who are early oriented on the market situation are more able to survive against their competitors than the others, who mainly assume that reaching the state of independence is only possible when staying alone and, therefore, often find themselves in a precarious life situation.

In this respect one cannot talk about creative persons without asking the questions

What are the assets and weaknesses of creative persons? Where do they need coaching and consulting the most?

These have to be answered from different points of view.

Of course, always the same keywords are mentioned: the overcoming of prejudices, market and marketing, tailor-made financial and promotion concepts, business-management basic principles. There is nothing wrong with that list, everything has been proven by statistics. Although, in my opinion it is not primarily the “What?” yet the “How” is more important, this means methods and structures.

I could go on talking forever on that topic, as from my point of view the still frequently missing variety of methods in coaching is the biggest problem. I just want to mention a hint:

CANVAS is gaining more and more space in teaching and consulting, a tool for visualizing business concepts, a new strategic management tool. Certainly, in entrepreneurship teaching and consulting we focus on expense structures and sources of income as well as fundamental resources. Canvas operates differently from the previous business plan logic, shows connections more clearly and makes them more comprehensible. It is about relations to clients, value-propositions, (key) partners and distribution.

A creative person does not like ex-cathedra teaching as it does not offer to him space to try out his own actions and experiences. Visualized concepts, interactive tools and even the change of perspective like in role play are the keys to successful coaching and consulting of creative persons. To experience something on your own – as well as in a game or a simulation – settles differently than only having heard of it. For that reason this research project, which ends today successfully, will be continued with another project focusing on methods: Train Transnational, which is as well under the shield of the Ministry for Labour, Social Affairs, Women and Family.

Let us take a look at another main deficit.

Do founders get coaching for sufficient time?

At the universities persons interested in business start-ups come to us during the last semesters of their career and the foundation consultations often stop directly after the foundation. We have networks of alumni at the University as well as with the persons who received consultations and/or coaching. Lots of former students accept our invitations although it is no structurally planned coaching. It would be an idea to get additional amounts when granting public aid and credits. These amounts should be accessible for consultants and coaches at the earliest one or two years after the business start-up and shall not be used for other purposes. We are convinced that for reaching sustainability of an enterprise it is necessary to have an independent and experienced third person observing everything from a distance.

Are founders coached and evaluated fairly?

I can clearly answer this question with a “no”. For the profession of a coach do not exist any requirements. An alternative practitioner as a therapist has to stop immediately when he assumes that his patient suffers from a psychological illness according to the ICD-10 guidelines, while a coach is allowed to continue – I like to express it in a dramatic way – until the client commits suicide. Thousands of them are dabbling through the world of entrepreneurship. In this particular case politics has to change something. I can clearly understand that the government does not want to put restrictions on professions but a coach has very close contact to his client and he may cause a big damage to him.

Regarding the evaluation of creative innovations via experts there have been some positive adjustments although the following problems do still exist:

- The experts' understanding of the innovation is limited
- Creative persons often still do not match the technologically centered pattern
- The experts have poor knowledge about the industrial sectors
- The world of the expert advices is hermetic. Rarely details are mentioned, it is expressed in the most general way to face contradictions.

There are still missing broader offers of the big financial institutions and grant giving foundations together with the coach pools and the experts in entrepreneurship at our universities to arrange access for experts and investors regarding what is happening in the creative sector if they do not understand the business concept at first glance. Investors' training is the keyword.

Are there missing some business concepts and offers in the field of entrepreneurship?

Consulting and coaching, the training of the founder is one task. Depending on the case, creative entrepreneurs do not want to or cannot take responsibility for many things which make sense but which would contribute to economical sustainability or it is too much for them. We often notice that when it comes to tasks in marketing or distribution, financing the project, their first innovations management and recruiting appropriate employees for their business. There are service providers and agencies for everything, unfortunately they do not offer tailor-made solutions for creative entrepreneurs. Why is it not possible for universities and start-up centres to form or initiate agencies that in cooperation with other professional companies offer marketing, employees or even crowdfunding platforms for different target groups?

Monitoring entrepreneurial founders is right when asking for public aid, although it is necessary to use more economical concepts in order to save foundation practice in Germany. Something that is likely to happen as the European government aid will probably continue shrinking.

The scenario of financing and promotion for founders is diverse – which programmes are successful in creative industries?

A business start-up by a creative person normally needs less initial capital than a technological innovation. In many cases it is closer related to the person of the founder or the founding team, rapid success is not part of the plan. VC investors are rarely part of the financial concept. Financing of creative entrepreneurs requires three tools:

We need more offers for micro financing

Crowd financing has to be intensified. It requires for example always an efficient network, therefore, networking as cultural technology has to obtain a more important status even within the context of financial concepts.

The access to “family offices”, that means to families which would like to invest a part of their property in foundation companies has to be put more into the focus of consultants and coaches. It is not fair that these rich investors only offer their assistance to big foundings with a clear and scalable forecast. For private investors the personality of the founders as well as their mainly original, partially committing and moving ideas play an important role. These families want to get their money refunded or even with interests, not so quick and not always with exaggerated expectations regarding the possible interest but usually with more commitment, thus due to the

strong identification with the founder and the business idea. Once the head of a family said to me: "Please always remember that we do not simply give money, we are partners, in good times and bad times." These families are often a bit shy, they do not advertise to get contact to founders. That is why it is the task of qualified coaches to create access systematically.

The promotion programmes shall make qualified coaching and consulting possible. As long as in Germany no requirements are established for the profession of a coach qualified institutions for coordination are needed, that guarantee suitable quality standards, for example the BIEM as federation of the universities in the State of Brandenburg

Promotion programmes with certain requirements which replace the need for proprietary capital are the right way. The state of Brandenburg pursues exactly this target with "Gründung innovativ" (innovative founding), this is exemplary.

Which strategy within the field of entrepreneurs coaching has been proven to be the best?

There are three levels of mentoring founders:

- I analyse my environment (students, coaches etc.) and during the consulting or coaching process I try to shape and professionalize the business concept that has been developed by the founders. Daily business.
- Additionally I can try to identify talents or somebody who is competent and together we will look for suitable business ideas that will orient on their skills and competences. Talent scouting and team matching shall be practiced much more systematically and above all by the universities and university networks.
- The mentoring of founding can also include market studies, research of trends and scenario analysis. The environment changes continuously and product cycles get shorter and shorter every time, a permanent adaption of companies to the new basic conditions determines the grade between success and failure. Not only existing companies underlie those premises but also founders. Regarding the growing complexity of the environment, the influence of different actors on the economic systems and regional markets and the increasing interconnectedness on all levels explain why change will be a permanent companion instead of an exception. Explicitly in this field the chairs and institutions for innovations and foundation management have to do more intensive work than ever before. It has to be possible to prepare founders for this transformation process and provide them with the tools so they will be able to face future developments in time.

Prospects

Against the background of the “new” global division of labour we would be doing well in promoting sustainably what is left – the young creative persons who are prepared to take responsibility for themselves and others.

In Germany we have lots of tools which are applied too by our European neighbours, we could identify much concordance among us.

Differences appear regarding the selection of the right time, when creatives should be retrieved and in which environment they should make their first experiences. In Scandinavia an exemplary role belongs to institutions that accept early mixed groups and individual creatives, without any defined business ideas, without barriers, though they have the dialogue as a principle.

The founders have to be in the focus. Psychological competence and methods need to get more importance, the same applies for methods of profiling personality. Here we can learn a lot from the others. Interactive, playful forms of mediation have to be applied here rapidly and successfully in order to not lose the connection. If we take the current status for example in Korea, the USA, Australia or as well in some European states as a basis, then Germany is missing the application of new digital teaching and learning tools and methods.

Furthermore, methodological competence has to be in the focus when contracting coaches. Orders have to be split accordingly to the targets as hardly anybody is able to assist in everything.

Above all particularly the universities should not shape merely business ideas. Talent scouting and team matching shall get intensified systematically. We also have to do more research on profession and trends and for example make development perspectives more transparent with the aid of scenario analysis, so our founders will not be left stranded and disorientated. In the story of the hare and the hedgehog it would mean: “I am already here, said the future.”

The dialogue with our friends from Denmark, Sweden, Italy and Estonia has revealed that we have many things in common, it has described alternatives and made us conscious that entrepreneurial research and entrepreneurship coaching are getting more and more complex as the markets are developing accordingly.

Thank you very much for your attention.